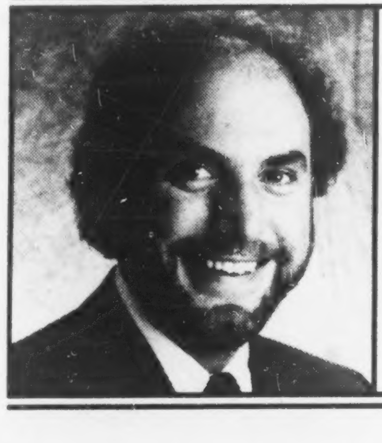
EDITORIAL

The Six R's: Survival By Any Other Name



TONY LISANTI
Editor

Call it differentiation, repositioning, restructuring, or revitalization. It doesn't matter what you call it. What does matter is that you recognize its symptoms and do something about it.

It refers to a stagnant business that is struggling to survive in a mature marketplace.

At the consulting firm of Booz, Allen & Hamilton, vp Barbara Cohen calls it revitalization. "It means much more than new fixtures and fresh paint," she explains. "It may well involve changing nearly every aspect of a store and store operations. Stimulating sales is not enough. The result must be much better bottom line performance."

Cohen says there are "six R's of revitalization—six interrelated levers that must be pulled in concert."

- Refocus on the consumer insuring that merchandise and services give them a compelling reason to shop at your store.
- Restructure the network to capitalize on existing value and gain economic advantage.
- Redesign the physical concept.
- Revamp the business systems.
- Reach out to customers and raise awareness, get them in the door, and encourage them to buy.
- Recognize the need for critical mass to achieve competitive economics and visibility in the market.

Among the companies Cohen believes are "pulling the six levers of revitalization" are Montgomery Ward, Pier I, A&P, and Sizzler, a restaurant chain.

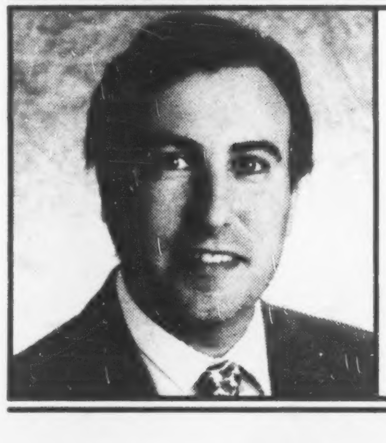
Another company I would like to add to that list is Stuarts, a 23-store discounter based in New England.

New president Joe Ettore, however, calls it differentiation. And Joe probably doesn't care what you call it, so long as it works. The important fact is that this young executive has recognized the need for change. He has begun implementing a plan to turnaround an old, venerable chain that cannot survive in today's retail environment with yesterday's ideology (see story, page 1).

There are many other retailers in a similar position to Stuarts. Discount retailing will never be the same. The time is right to develop a growth plan, whether you call it revitalization or differentiation the result is survival.

BUYERS & SELLERS

Grandstanding Does Disservice to Environment



DON LONGO
Exec Editor

Walking through a supermarket recently, I saw no-cholesterol cookies, "healthy" potato chips and "lite" cupcakes and mayonnaise. In fact, I saw many, many items that I never dreamed were "good" (or at least "not bad" as their packaging seemed to proclaim) for me.

Then, I noticed that many of the products that I thought were new products because of their packaging were not really new; just the same old products that their makers only recently discovered were good for you (or not as bad as you used to think they were). Add to these products the scores of others trying to take advantage of the oat bran craze, and I found myself leaving the store with a bad taste in my mouth—and it wasn't from the oat bran.

Now, an all-too-similar scenario appears to be developing over the environmental issue.

Retailers are benefiting from positive publicity for asking their suppliers to make products and packaging less harmful to the environment. Several manufacturers are promoting their products as degradable or recyclable. Others have launched marketing promotions aimed at raising awareness of environmental issues. These are all good things.

But, as some "green" marketers begin to make outlandish ecological claims, there is a potential for a consumer backlash that will not only affect those products, but will create skepticism toward the entire environmental movement. Already, several environmental organizations have called for a nationwide consumer boycott of so-called "degradable" plastic bags. Their chief complaint: no standards of degradability have been established, thereby allowing degradability to be defined solely by the manufacturer. Such a backlash would be a shame because there's a genuine desire on the part of many of the companies to really do something to protect this planet for future generations.

"It may have begun as a response to consumer opinion, but our people believe in it on a one-to-one basis. It's very real when you think about your own grandchildren," said Haim Dabah, president of apparel supplier Gitano, when I asked him if Gitano's new environmental marketing promotion is more than just lip service to a hot issue. Dabah is one of several executives—both retailers and suppliers—who appear to have taken the environmental issue personally to heart. Let's hope a genuine, low-key, scientifically sound approach wins out over environmental grandstanding in the 1990s. The stakes are just too high.

WASHINGTON REPORT

Discounters Should Avoid Slotting Fee Deals

KEN RANKIN

For years now, top execs at many of the nation's discount chains have complained of such anti-competitive practices as resale price maintenance conspiracies.

However, discounters and other chain retailers aren't always the victims of marketplace abuse. Too often, I'm afraid, they're the perpetrators of practices that injure competition.

Case in point: major food chains have been demanding steep "slotting fees" from manufacturers of new products. It's a practice that began a few years ago, and now almost all food retailers are imposing such charges.

No wonder, given the potential "rake." Indeed, government critics of the practice say it's not unheard of to charge as much as $70,000 to get a new six-item line of food products on the shelves of just 50 stores. Imagine the cost of launching a new food item nationwide!

One of many objections to slotting fees is that they clearly frustrate marketplace competition. Certainly, the retailer who lacks the market power to demand such kickbacks from his suppliers is at a distinct and unfair disadvantage.

On the manufacturers' end, however, new product slotting fees create even greater competitive problems. They make it increasingly expensive and difficult for fledgling suppliers to introduce new products and compete head-to-head with existing suppliers.

On both sides of the equation, consumers are robbed of the fruits of marketplace competition.

Why write about supermarket industry practices such as "slotting fees" in *DSN*? Two reasons: one, similar charges are already being discussed widely by non-food retailers; and two, Federal antitrusters are likely to blow the lid off the practice soon.

For my money, I'm willing to bet there's a crackdown in the works against slotting charges. My advice to discounters: don't get involved with such schemes.

Discount Store News.

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212 371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

Publisher **JOHN FAILLA**

Editor **TONY LISANTI**

Executive Editor **Donald Longo**
Senior Editor **Arthur Markowitz**
Senior Editor **Laura Liebeck**
Senior Editor **Pete Hisey**
Associate Editor **Richard C. Halverson**
Associate Editor **Mary Ellen Kelly**
Associate Editor **Pamela Meek** (Los Angeles)
Senior Desk Editor **Dawn Wilensky**
Desk Editor **Michael Vickerman**
Editorial Assistant **Danita Minnis**

Art Director **Milt Berwin**
Graphic Artist **Karen Kikta**

District Manager **Kevin Kennedy**
New York Area Manager **Jeffrey Larssen**

Production Manager **Mary Lewis**
Business Manager **Roch Minieri**
Classified Ad Manager **Carole Harnoff**
Classified Production Manager **Pauline Smith**
Director of Manufacturing **Stan Kaufman**

VP/Group Publisher **Fred J. Filer**

DSN Board of Advisors

Joe Ettore Pres., Stuarts
Stephen Goldberger Chmn., Pres., Hills
Peter Hayes Pres., ceo, Child World
Richard Hersh Pres., IMRA
Peter Hollis Pres., Ames
Arlie Lazarus Pres., Jamesw[illegible]
Joseph Nusim Pres., CEO, Makro U.S.A.
Julian Seeherman Pres., Venture Stores
Stephen Westerfield Pres., ceo, WORKplace
Warren W. White GM, Clover
Ray Zimmerman Chmn., Service Merchandise

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher **James T. deGraffenreid**
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Repuzzi**
Treasurer **Barry Okun**

REGIONAL OFFICES

Boston 1 Gateway Center, Newton, MA 02158
617-527-6394
Regional Manager **James Malver**

Cleveland Summit One Bldg., 4700 Rockside Rd., Independence, OH 44131
216-642-3420
Office Manager **Martha MacVean**
Area Manager **Dave Tuttle**

Chicago 444 N. Michigan Ave., Chicago, IL 60611
312-644-8688
District Manager **Bruce Smith**
Area Manager **Cheryl Kilberg**

Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004
213-464-8321
Regional Manager **John Donoghue**
Area Manager **Howard Zabner**
Associate Editor **Pamela Meek**

San Francisco 400 Montgomery St., San Francisco, CA 94104
415-362-2575
Regional Manager **Richard J. Harrigan Jr.**

Washington 117-35 Striley Drive, Ashton, MD 20861
301-774-3895
Manager, Correspondent **Kenneth Rankin**
Correspondent **Deane Evans**

Japan Diamond-Friedman Ltd. Chain Store Age News Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan 504-6750

The Audit Bureau MPA ABP

Publisher of Discount Store News, Accounting Today, Nation's Restaurant News, National Home Center News, Drug Store News, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions

Call (212) 697-2165 or (212) 697-2166
Having a problem with your subscription? Send full details, including the mailing label from the last copy you received and your telephone number to Circulation Fulfillment Director, *Discount Store News*, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions

Materials in this publication may not be reproduced in any form without written permission. Direct permission requests to John Failla, publisher, *Discount Store News*, 425 Park Ave., New York, NY 10022.

We welcome our readers' views, whether pro or con. Letters to the editor should be addressed to: **Editor, *Discount Store News*, 425 Park Ave., New York, NY 10022.**

TRAFFIC BUILDERS

APPAREL • HOME PRODUCTS • HARD LINES

Discounters Achieve Better Return on Promo Efforts

Promotional activity among discounters declined again last year, but also continued to be more efficient. More shoppers coming to a discount store with a sale item in mind made a purchase last year even though fewer said they were attracted by an advertising promotion.

The fourth annual *DSN* Traffic Builders Survey (pages 35 to 73) also found that:

- The top promotional category was candy, followed by household paper products, hair care, toys and games, household cleaners, and laundry products.
- The biggest gains in promotional activity came in women's apparel and soft goods for the home.
- The biggest declines in promo activity were in kitchen products, automotives aftermarket items and men's wear.

Discounters Get Better Return on Ads

By Mary Ellen Kelly

Full-line discount department stores continued to be efficiency experts when it comes to building store traffic through merchandise promotions, based on findings from the fourth annual Traffic Builders Survey.

The study, conducted by Chicago-based Leo J. Shapiro & Associates for *DSN*, indicated which merchandise categories were promoted most heavily by discounters and other retailers last fall. Consumer awareness of whether or not a sale was in progress prior to shopping also suggested how much different types of retailers depend upon promotions to draw traffic.

While the general merchandise retail industry as a whole became increasingly dependent on advertising to get shoppers into stores during 1989, discounters advertised less, attracted a higher percentage of customers and saw average tickets hold steady in 1989 compared with last year. Roughly half of all shoppers knew about a sale before going to any of the stores.

Discounters Better Positioned for EDLP

Discounter dependence on promotions to generate store traffic fell for the second consecutive year, despite increased dependence on sales by several of the larger discount chains, such as K mart and Target. Seventy percent of all discount store shoppers were aware of a sale item before visiting the store in 1987. That figure dropped to 64 percent in 1988 and fell down to 56 percent last year.

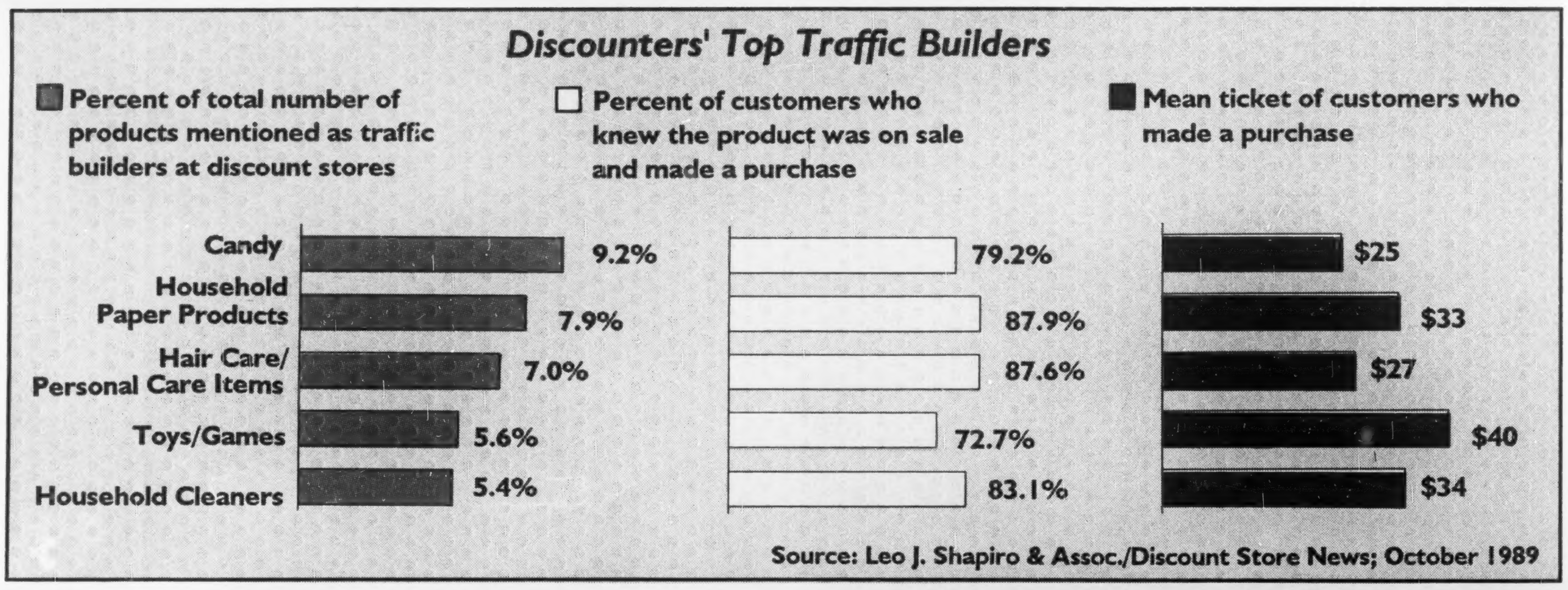
Meanwhile, the percentage of shoppers who knew of a sale and made a purchase rose to 76 percent. In 1988 and 1987, this level of awareness had been 71 percent and 65 percent, respectively. In other words, consumers are visiting discount stores more often and buying regardless of whether or not there is a sale.

Wal-Mart stood out as the only individual discounter and retailer studied that made real strides in establishing itself as an everyday low pricer. Only 42 percent of Wal-Mart shoppers knew of a sale before going to the store in 1989, down from 61 percent a year earlier.

K mart and Target both became more promotionally driven retailers in 1989, with close to 50 percent of their customers at the store stating they had come after hearing about a sale, about the same rate as Sears, catalog showrooms and drug store chains.

The upswing in the K mart and Target figures suggest a move away from everyday low pricing. However, the fact

(Continued on page 38)



Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

*Discounters' Top Traffic Builders**

Candy and household paper products draw the most traffic at discount stores.

Percent of total number of products mentioned by shoppers as traffic builders at discount stores.

Candy (1)	9.2%
Household Paper Products (6)	7.9
Hair Care/Personal Care Items (2)	7.0
Toys/Games (3)	5.6
Household Cleaners (5)	5.4
Laundry Products (4)	5.1
Food (e.g. chips, spices, cookies) (9)	4.0
Sheets, Comforters, Bedspreads (19)	3.5
Halloween Costumes/Decor (8)	3.3
Women's Blouses/Shirts (12)	3.1
Women's Jeans (—)	3.1
Women's Lingerie/Sleepwear (7)	3.0
Women's Accessories (14)	2.8
Home Store (e.g. mirror, closet organizers, pictures) (15)	2.8
Children's Clothing (—)	1.8
Women's Dress Pants/Slacks (18)	1.7
Women's Sweaters (11)	1.5
Women's Shoes/Boots (10)	1.5
Women's Outdoor Coats/Jackets (—)	1.1
Men's Shirts (—)	0.8

*Top 20 of 50 products mentioned; last year's ranking in ( ); new entries indicated by (—).

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

*Sears-Penney-Ward's Top Traffic Builders**

Women's blouses/shirts and sheets, comforters and bedspreads are the top traffic builders for mass merchants.

Percent of number of products mentioned by shoppers as traffic builders at mass merchants:

Women's Blouses/Shirts (1)	6.3%
Sheets, Comforters, Bedspreads (6)	6.0
Women's Sweaters (3)	5.9
Women's Lingerie/Sleepwear (2)	5.9
Women's Shoes/Boots (—)	5.0
Women's Accessories (—)	5.0
Women's Dress Pants/Slacks (5)	4.3
Men's Shirts (11)	4.3
Women's Outdoor Coats/Jackets (9)	4.3
Children's Clothing (—)	4.0
Women's Clothing (7)	3.3
Women's Jeans (—)	3.0

*Top 12 of 20 products mentioned; last year's ranking in ( ); new entries indicated by (—).

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

*Department Stores' Top Traffic Builders**

Women's apparel took the first six positions, with accessories and jeans tied for the top spot.

Percent of total number of products mentioned by shoppers as traffic builders at department stores:

Women's Accessories (9)	7.4%
Women's Jeans (5)	7.4
Women's Blouses/Shirts (1)	6.0
Women's Shoes/Boots (—)	6.0
Women's Clothing (4)	6.0
Women's Lingerie/Sleepwear (3)	5.4
Sheets, Comforters, Bedspreads (—)	4.7
Men's Shirts (—)	4.7
Children's Clothing (—)	4.0
Women's Outdoor Coats/Jackets (6)	4.0
Toys/Games (—)	2.7
Home Store (—) (e.g. mirror, closet organizers, pictures)	2.7

*Top 12 of 20 products mentioned; last year's ranking in ( ); new entries indicated by (—)

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

Ad Promos Promote Store Traffic

(Continued from page 37)

that there is a drop in shopper traffic related to advertising suggests that the stage is set for discounters to curtail ad spending and establish themselves as everyday low pricers.

The vast majority of traffic at discount specialty stores was generated by promotions, a marked contrast to the 1988 survey which found these discounters to be the least ad-dependent of all retailers.

This nearly 50 point increase is partially due to the way that these specialists are filling the promotional void created as full-line discounters move toward everyday low pricing. Discount specialists are also in a position to take advantage of more special deals and closeout goods which lend themselves to sharp, promotable prices.

At Sears, which was beginning to position itself as an everyday low pricer in 1989, about 48 percent of shoppers knew of a sale item before visiting the store, a 5 percent rise over 1988. Nonetheless, Sears remains well below the levels of Montgomery Ward and JCPenney; over 60 percent of the customers from both of these two retailers were in the store to shop for a sale.

Department stores also continued to become more promotional retailers during 1989. As the service orientation of department stores continues to plummet and as formerly exclusive department store brands are found in discount stores and specialty chains alike, more department stores are turning to promotions.

In 1987, for example, 28 percent of customers knew of a sale before shopping at a department store. That figure jumped to nearly 35 percent in 1988 and to 47 percent last year, exceeding Wal-Mart, Ames, and specialty stores. Nearly half of all department store shoppers surveyed said they were there for a sale.

But unlike other retail channels, the increased advertising actually resulted in a *drop* in the size of the mean ticket purchase made at the store, suggesting that the department store environment is not as conducive to generating add-on sales as other outlets.

(Continued on page 41)

*Discounters' Top Traffic Builder Brands**

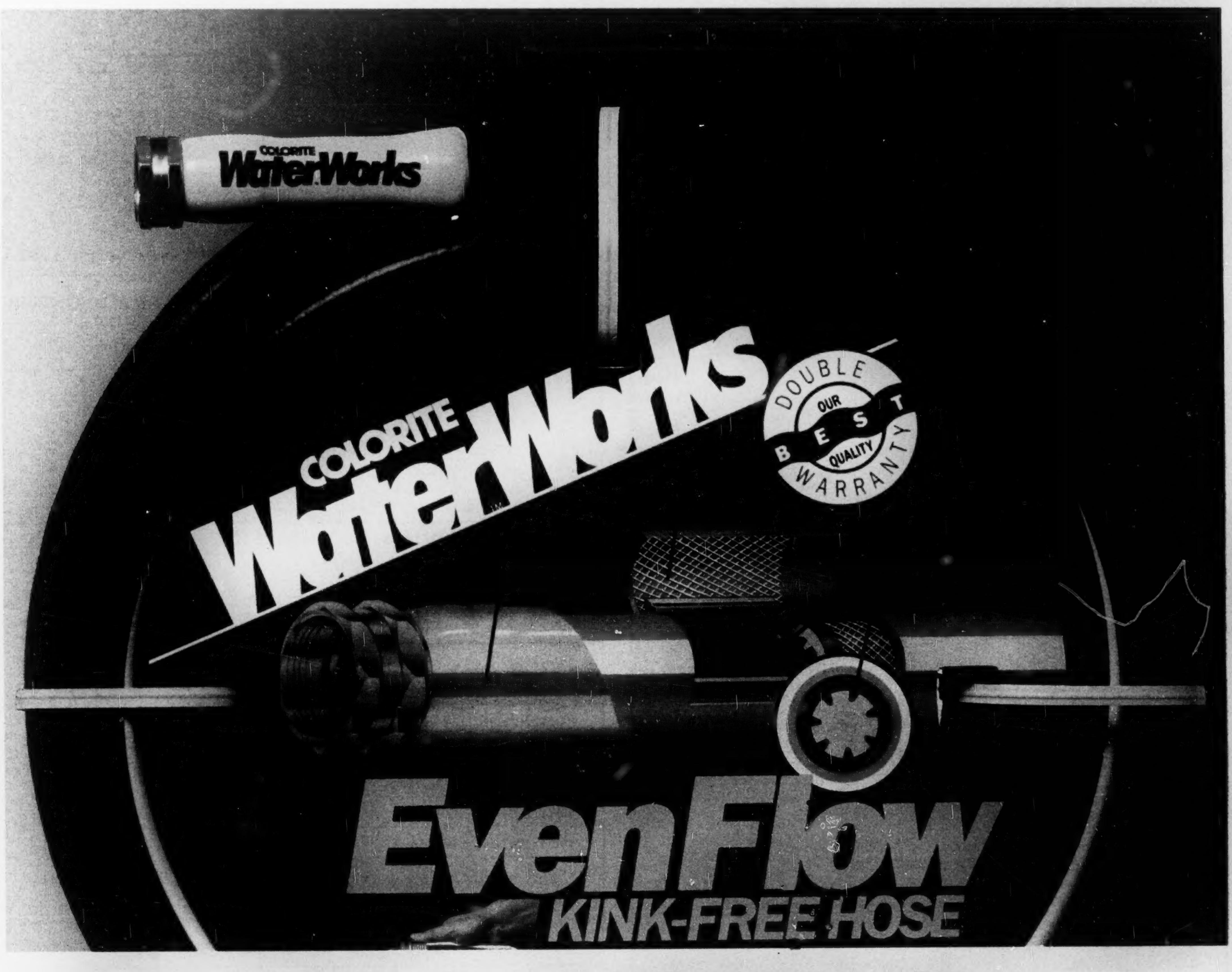
Lee, Fisher-Price and Sony led the list of top traffic builder brands.

Percent of total number of brands mentioned by shoppers as traffic builders at discount stores:	
Lee	5.6%
Fisher-Price	5.6
Sony	5.2
Old Roy**	4.8
Pringles	4.8
Hershey	4.0
Kleenex	3.6
Ziploc	3.6
Prestone	3.2
Chic	2.8
Clorox	2.8
Texas Steer	2.8
Wisk	2.8
Crest	2.8
Havoline	2.8
General Electric	2.8
Hanes	2.4
Purex	2.4
Northern	2.4
Levi's	1.2

*Top 20 of 50 brands mentioned.

** Wal-Mart's private label dog food appears on the top traffic builder brand listing due to an aggressive promotion during the survey time period, October 1989. The promotion gave consumers an extra 5 lbs. of Old Roy at the same price as 25 lbs. In addition, Old Roy POS display showed similarities of Old Roy to Science Diet, a premium dog food.

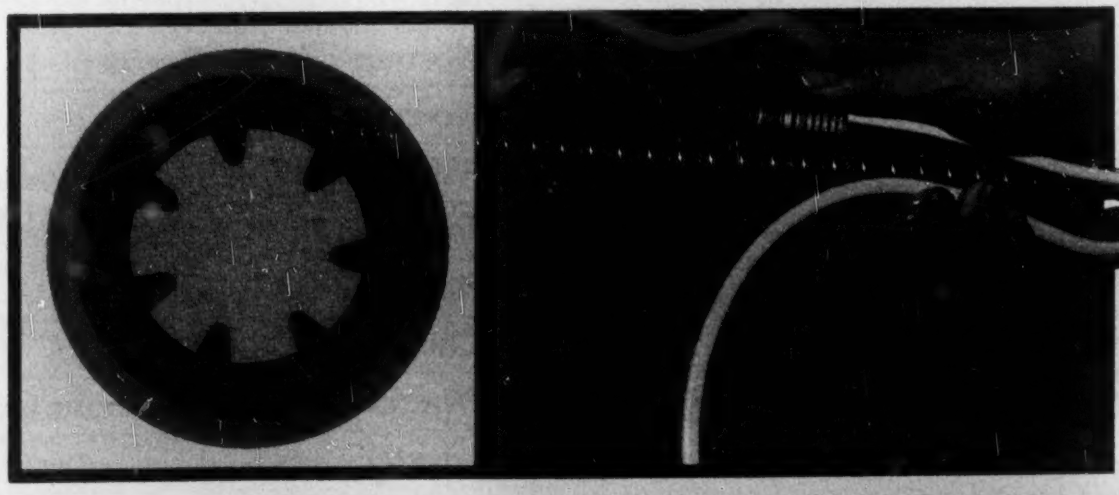
Source: Leo J. Shapiro & Assoc./ Discount Store News; October 1989



New hose ALWAYS flows!

NEW EVEN FLOW KINK-FREE HOSE IS AN OVERWHELMING BIG HIT WITH THE TRADE! ORDER NOW TO GET YOUR SHARE OF MARKET!

ABSOLUTELY THE NEWEST, MOST POWERFUL SALESMAKER IN YEARS! New EVEN FLOW is the hose consumers want! Quality-made for positive water flow-through at all times! HozeGard® Protective Collar, O-ring washer for the ultimate seal, even a Double Warranty! Order EVEN FLOW Kink-Free Hose — newest high-turnover style from Colorite WaterWorks™!



RIBBED CONSTRUCTION* ALLOWS POSITIVE WATER FLOW-THROUGH AT ALL TIMES!

GUARANTEED! WATER FLOWS ALWAYS!

*Patent Pending

COLORITE

Colorite Plastics Company / Ridgefield, NJ 07657 / Sparks, NV 89431 / Waco, TX 76702-3128

Discounters Get Better Return on Ads

(Continued from page 38)

The continued softness of the apparel business—especially women's apparel—contributed to intensified promotions of other merchandise categories, especially domestics and men's apparel.

Sheets, comforters and bedspreads were used more often by discounters, Sears/Penney/Ward and department store operators to pull traffic in 1989 than in 1988.

Men's shirts were promoted more often at the major retail channels. The category was not mentioned at all by department or discount store shoppers in 1988, and were at the bottom of the list for a combined Sears/Penney/Ward category. In contrast, nearly 5 percent of all department store shoppers mentioned men's shirts in 1989.

Promotions of women's blouses/shirts still topped the Sears/Penney/Ward list, but the number of shoppers who said they had come to these stores for blouses was half that of 1988, 6 percent vs. 12 percent. Lingerie/sleepwear was also down by half.

Household paper products represented the second largest percentage of products mentioned by discount store patrons as the sale item they went to the store to buy, up from fifth in 1988. Kleenex was the single brand mentioned most often by discount store shoppers as the paper product promotion that drew them into a discount store.

Jeans brands such as Lee and Chic were among the top mentioned traffic building brands last year at discounters. In 1988, Gitano was among the brands promoted most at these chains.

Fisher-Price, Crest and General Electric were the only three brands that were mentioned both by 1988 and 1989 respondents. Consumers are finally realizing that GE is no longer in the small appliance business. In 1988, GE was the third-ranked brand, suggesting that any sale circular advertising small electrics was assumed to be GE.

As supermarkets devote more of their aisles to general merchandise, discounters are evidently striking back by attempting to pull customers into stores for food sales.

Non-candy food merchandise at discount stores ranked 17th in 1987 in terms of the number of shoppers who said they had seen food on sale before shopping at a particular discounter. During the past two years, food jumped to ninth in 1988 and seventh on last year's roster. Leading the list of non-candy food brands was Pringles.

Candy was the top traffic generator for discounters again last year. Hershey was the top named brand, instead of M&M, which was promoted more heavily the year before. Improved in-stock positions helped increase sales of candy to customers who knew of the promotion prior to shopping. In 1988, 74 percent had bought advertised candy; last year 79 percent said they had made a purchase. The mean amount spent by someone who knew of a candy item on sale remained constant at $25.

Similarly, there was a rise in both the percentage of people who bought other food items and the average total ticket. People who knew of a food sale and made a purchase rose from 82 percent in 1988 to 89 percent in 1989; average ticket went up from $22 to $29.

Other advertised merchandise that led to almost certain purchases by people who knew of a sale prior to visiting the store were pet food/supplies and boy's clothing (both 91 percent) and laundry products (89 percent).

Promotions that resulted in less than a fifty-fifty chance of actually selling that kind of merchandise included sports equipment and tires. Advertising these items might encourage someone who is in the market for an exercise bike or new set of tires to shop the store, but these goods are apparently not bought enough to stimulate much new traffic.

Dependence on Promotional Advertising

The promotional orientation of discount department stores showed a decline this year. Department stores, specialty stores, discount specialty stores and drug stores accelerated their promotional activity.

Percent of shoppers who knew of a sale item before visiting store:

Retailer	1989	1988
Montgomery Ward	61.9%	57.5%
JCPenney	60.2	61.1
Sears	47.8	42.7
K mart	50.4	37.6
Target	48.6	38.0
Wal-Mart	42.2	60.9
Ames/Zayre*	40.6	37.6
Discount Department Stores (Net)	55.6	63.7
Department Stores	47.0	34.8
Catalog Showrooms	51.4	NA
Discount Specialty Stores	80.7	28.6
Specialty Stores	40.7	31.5
Drug Stores	49.4	28.5

*Figure for 1988 was for Zayre stores only. NA—not available

*Source: Leo J. Shapiro & Assoc./*Discount Store News; *October 1989*

The articles in this special section were written by associate editor Mary Ellen Kelly. *DSN's* fourth annual Traffic Builders Survey is based on personal interviews with 2,279 shoppers exiting discount department stores and other types of retailers in seven markets in the major geographic regions of the United States.

The study was conducted by Leo J. Shapiro & Associates, Chicago, between Oct. 13 and Oct. 22, 1989. Those shoppers had made visits to a total of 3,908 stores. Among shoppers at a discount department store, 48 percent knew of an item on sale before making their trip that day. Overall, 54 percent of the visits made to any store that day were encouraged by the shopper's knowledge of a sale, slightly higher than the 50 percent in 1988.

Symphonic
HELPS YOU CREATE
PROFITABLE VOLUME
VCR's • TV • TV / VCR Combos • Cordless Telephones
CD Players • Audio Rack and Shelf Systems
FUNAI USA Corp.
100 North Street, Teterboro, New Jersey 07608
1-800-242-7158

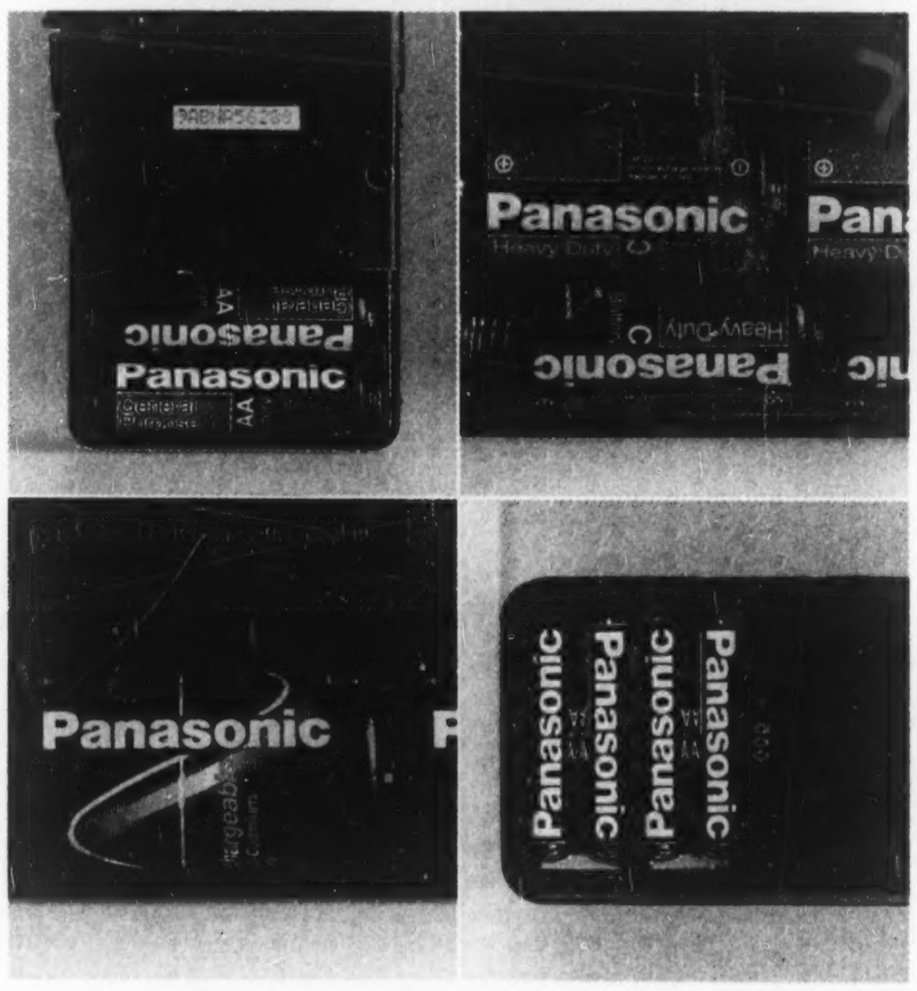
The Cellution
If It Needs Batteries,
It Needs Panasonic.

Panasonic supplies every type of battery needed for consumer use. Whether it's Rechargeables for radios, Lithium for cameras, or General Purpose for flashlights. And the Panasonic name packs all the selling power you need. So stock up on Panasonic batteries and judge for yourself. Panasonic — the solution for all your battery merchandising needs.

The Power Behind the Name.
Panasonic Batteries.

Call our Battery Hotline at 201-392-4675 for more information.

Panasonic.
Industrial Company
BATTERY SALES GROUP



Alkaline • Rechargeable • Lithium • Heavy Duty • General Purpose • Photo • Watch • Hearing Aid

Promotions Work Better With EDLP

Full-line discount department stores were the only general merchandise retailers that managed to increase the percentage of purchases made by their shoppers while depending less on promo advertising last year

Discounters continued to be the best retailers at generating the most store traffic for the least amount of advertising investment, based on results from *DSN's* fourth annual Traffic Builders Survey.

The nationwide consumer survey, conducted by Chicago-based Leo J. Shapiro & Associates, details which retailers are the best at getting consumers to buy promoted merchandise. It also suggests which chains are able to get its consumers to buy more add-on merchandise or higher-priced goods, as evidenced by the average ticket of the purchase.

As a group, full-line discount department stores were the only general merchandise retailer that managed to increase the percentage of purchases made while depending less on promotional advertising last year.

During the past three years, discount store shoppers have become more and more likely to go to the store without being lured by the bait of a promotion. At the same time, ad-driven customers were more apt to make a purchase than in the past. In other words, everyday low pricing appears to have paid off for most discounters.

The percentage of consumers who came to a discount store for a sale was 70 percent in 1987. That figure dipped to 64 percent in 1988 and then dropped once more in 1989 to 56 percent.

The percentage of consumers who came to the store after seeing a sale was in progress and made a purchase was 65 percent in 1987. By 1988 that figure had climbed to 71 percent. Last year 76 percent of consumers visiting a store for a sale bought something.

The average ticket of the purchase held steady at $34 between 1988 and 1989, up from $28 in 1987.

Wal-Mart customers who went to the store for a sale were much more likely to make a purchase in 1989 than in 1988, but, on average, they did not spend as much at the cash register. The same was true at Target, where the average amount spent by ad-driven consumers fell by $12 to an average mean ticket of $36 last year.

At Wal-Mart, the percentage of shoppers who went to the store and bought something after seeing an item on sale rose to nearly 84 percent, up from 65 percent in 1988. But their mean ticket spending fell short of the 1988 level by $4.

The repositioning of Sears as an everyday low price retailer in 1989 in some ways did more to derail the chain's popularity than to set it on course. Sears, Montgomery Ward and JCPenney were all less effective in attracting new and infrequent customers during 1989 than in 1988, but Sears showed a greater decline in its ability to attract infrequent shoppers than either of those two competitors.

Penney showed a very slight decline last year in terms of luring new customers into its stores through promotions, while Ward dropped 4 percent. Sears was down 8 percent in this measurement.

Those customers who came to the store in response to a promotion were less likely to buy at Sears than at either Penney or Ward. All three retailers significantly improved the average purchase made when ad-driven customers came to shop. Each boosted the mean ticket by nearly $20 over 1988's ticket, due in part to better positioning of apparel and other higher-priced merchandise.

Children's apparel was the primary pull for new customer traffic at Sears, Penney and Ward and at full-price department stores as well. In 1989, 88 percent of those who had seen an ad for children's clothing before visiting one of these retailers were infrequent shoppers.

Other merchandise that built traffic at these outlets included domestics, women's coats and women's shoes/boots. Women's accessories and dresses were among the least effective traffic builders at department stores and at Sears, Penney and Ward.

Discount specialty stores, which consists almost exclusively of off-price apparel chains, have received the worthy title of category killers. These chains are even beating the seemingly unbeatable Wal-Mart at the retail game, at least when it comes to building store traffic and generating sales from promotions.

Off-pricers are achieving better sell-through on promoted goods than any other retailer studied. These chains are also generating a higher average ticket and are better at attracting new and infrequent customers than all discounters with the exception of Ames/Zayre.

Of the consumers interviewed, 92 percent of those who had gone to a discount specialty store with an advertised item in mind, made a purchase. On average they spent $37. Eighty-four percent of Wal-Mart shoppers who went to the store aware of a store promotion spent an average of $24.

The disparity between the average sales tickets may be due to the relatively higher prices of an apparel goods store vs. a full-line general merchandise retailer. Still, the data suggests that off-pricers are doing a better job of selecting the merchandise and prices of its traffic builders, as well as keeping promoted goods in stock.

Catalog showrooms have the most to gain from improv-

(Continued on page 55)

Total Ticket Generated By Traffic Builders at Retailers

Wal-Mart and Ames/Zayre shoppers were more likely to make a purchase than those shopping at other chains.

Store Shopped by Shoppers Who Knew a Product Was On Sale	Percent Who Made A Purchase	Mean Ticket
Wal-Mart	83.5%	$24
Ames/Zayre	78.1	16
Kmart	68.2	31
JCPenney	74.4	53
Montgomery Ward	68.4	66
Target	70.4	36
Sears	52.8	52
Discount Dept. Stores (net)	75.6	34
Discount Specialty Stores	92.4	37
Specialty Stores	64.5	55
Drug Stores	61.8	8
Department Stores	48.6	49
Catalog Showrooms	35.2	79

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

Tickets Generated by Traffic Builders at All Retailers

Product That Shopper Knew Was On Sale	Percent Who Made a Purchase	Mean Ticket
Low Cost Items		
Over-the-Counter Drugs	70.2%	$ 36
Laundry Products	89.2	35
Household Cleaners	83.1	34
VCR Tapes	95.2	33
Home Store	85.2	33
Household Paper Products	87.9	33
Food (e.g. chips, spices, cookies)	88.5	29
Halloween Costumes and Decor	50.7	29
Hair Care/Personal Care	87.6	27
Underwear	71.0	26
Middle Cost Items		
Men's Clothing	54.0%	$134
Women's Clothing	42.4	75
Sports Equipment	39.1	68
Girls' Clothing	59.5	53
Children's Clothing	78.4	50
Jogging/Tennis Gym Shoes	73.0	49
Infants'/Toddlers' Clothing	76.4	45
Women's Shoes/Boots	69.1	44
Men's Shoes/Boots	87.5	44
Boys' Clothing	90.9	41
Highest Cost Items		
Tires	27.0%	$107
Men's Suits	90.6	105
Furniture	72.6	82
Women's Outdoor Coats/Jackets	67.5	66
Women's Dresses	81.9	53
Women's Skirts	80.2	47
Women's Dress Pants/Slacks	69.2	47
Women's Jeans	77.8	45
Men's Jeans	71.4	37
Window Coverings	59.5	22

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

Mix of EDLP, Promos Works for Discounters

(Continued from page 42)

ing their in-stock position. Only 35 percent of shoppers who knew that a product they wanted was on sale actually made a purchase. Out of stocks, a commonplace problem in the catalog showroom industry, is an obvious culprit.

Those who did buy a sale item spent $79, the highest mean ticket amount among all retailers studied.

When the mean ticket amount is considered in the context that nearly half of all showroom traffic is generated by word of a sale, it becomes readily apparent how much an improvement of in-stock positioning could mean in terms of generating a higher sales volume.

Catalogers were also the best at attracting new and infrequent customers with their promotions. Nearly 90 percent were not regular catalog shoppers. Based on the low level of purchases actually made on sale goods, there is reason to wonder whether the infrequent showroom customers are likely to return.

The catalog showroom business is comparatively new at the promotional approach to retailing, having relied for so long upon an annual catalog to draw shoppers. It might take time for them to learn the intricacies of keeping promoted merchandise in stock.

Consumers Distributing, is the most obvious example of catalogers becoming more like traditional discounters. The relatively new Consumers Express format lets consumers pull the majority of goods off the shelves without filling out a stockroom requisition form. In conjunction with this shift, more frequent promotional mailings are gradually replacing the yearly catalog.

The list of tickets generated by traffic builders at all general merchandise retail outlets illustrates why department stores are suffering despite intensified price and item advertising. The items that generate the most traffic and the greatest number of add-on sales are not sold in department stores (the low-cost items). The majority of products that department stores have been using as traffic builders (women's jeans, clothing, shoes and boots) have a lower probability of eliciting a sale.

The mean ticket spent on middle and highest-cost items suggest that the majority of consumers who visited any general merchandise store to buy these goods on promotion bought only these goods. Add-on sales were strongest on low ticket items such laundry products, household cleaners and VCR tapes, each of which—despite the low cost of these items—resulted in a $34 total ticket.

Retailers had the best chance of selling promoted VCR tapes, boys' clothing, men's suits, laundry products and food; for each of these products roughly nine out of 10 people who came to the store for the promoted item made a purchase.

Women's jeans and women's clothing overall generated fewer new customers to discount department stores while home-oriented goods became more important traffic magnets.

Promotions of home store products such as organizers, mirrors and decorative accessories brought in the largest percentage of new customers. Other home merchandise such as domestics and kitchen appliances were also influential traffic builders. Home store promotions showed infrequent shoppers the evolving home decor orientation of most discounters.

According to the most recent survey results, most discount store shoppers said that sales of women's jeans, accessories and lingerie did not prompt them to go to a store they do not ordinarily shop.

Unlike department stores, discounters also did not draw much new traffic from sales of children's clothing, but infant/toddlers' apparel were fairly effective discounter traffic builders.

*Attracting New and Infrequent Customers**

Mass merchandisers are more successful at using promotions to attract infrequent shoppers.

Percent of infrequent shoppers who knew of a sale item before visiting store:

Retailer	1989	1988
JCPenney	76.6%	77.5%
Montgomery Ward	70.2	74.0
Sears	69.1	77.3
Ames/Zayre**	57.9	23.2
Wal-Mart	23.9	28.4
Kmart	21.9	32.4
Target	19.1	24.6
Discount Department Stores (net)	27.9	32.8
Discount Specialty Stores (net)	44.6	50.0
Department Stores	70.2	69.1
Catalog Showrooms	89.0	NA
Specialty Stores (net)	61.4	81.1
Drug Stores	22.5	50.0

*Customers who shopped a store less than twice a month
**Figure for 1988 was for Zayre stores only
NA — not available

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

Effectiveness of Product Promotions In Attracting New and Infrequent Discount Customers

And Who knew of a Sale Item All Were Coming to Shop for	Customers Who Shop at This Store	
	Not Often*	Often
Home Store (e.g. mirror, closet organizers, pictures)	60.0%	40.0%
Sheets, Comforters, Bedspreads	50.0	50.0
All Kitchen Appliances	47.0	53.0
Infants/Toddlers' Clothing	42.1	57.9
Motor Oil	42.1	57.9
Women's Blouses/Shirts	32.1	67.9
Halloween Costumes/Decor	30.0	70.0
Toys/Games	27.4	72.6
Household Cleaners	26.5	73.5
Cat/Dog Food/Pet Supplies	22.7	77.3
Laundry Products	21.7	78.3
Hair Care/Personal Care Items	20.6	79.4
Candy	20.5	79.5
Household Paper Products	19.7	80.3
Children's Clothing	18.7	81.3
Women's Lingerie/Sleepwear	18.5	81.5
Women's Accessories	16.0	84.0
Women's Jeans	14.3	85.7
Food (e.g. chips, spices, cookies)	11.1	88.9
VCR Tapes	10.0	90.0

*Defined as shopping twice a month or more.

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

LOOK INTO OUR CRYSTAL PALACE
AND DISCOVER THE FUTURE

THE 22ND INTERNATIONAL BATH, BED & LINEN SHOW APRIL 1-4, 1990 JACOB JAVITS CENTER, NYC

NBBL

NATIONAL BATH, BED & LINEN ASSOCIATION INC.
15 East 26th Street, New York, NY 10010 Telephone (212) 689-5550 Fax (212) 686-2050

Shoppers Become More Price-Sensitive

Age, Finances Color Decisions

All U.S. shoppers were more responsive to merchandise promotions during 1989 than they were in any of the previous three years these statistics were measured in *DSN*'s Traffic Builders Survey conducted by Leo J. Shapiro & Associates.

Each year there are some shifts in which gender or age group is more aware of advertised special prices, but this was the first year that the average of all shoppers significantly increased. The average across all survey respondents had been about 50 percent in previous years. In 1989 the figure rose to over 55 percent.

Prime Ad Target: Over 45

The primary factor influencing this shift is concern for lower prices among people aged 45 years or older. Women aged over 55 were the most responsive to advertising with their male counterparts of the same age category the second most responsive group.

Retailers could expect to see store traffic rise when merchandise to these age groups were being promoted. While this would embrace most merchandise categories, it would be less likely to include junior jeans, Halloween costumes and baby food, but might include home health care products, over-the-counter drugs and women's sportswear.

The popularity of early retirement in much of the United States could be one explanation for the marked turnaround of attitudes among the 55- to 64-year-olds. The level of ad awareness had dropped from 1987 to 1988, especially among women, but rebounded in 1989 to be above even 1987 levels.

Shopper Profile

Both men and women over 45 tended to be more concerned with promotional advertising last year than they were in 1988.

	Percent of All Shoppers Who Knew of Sale/Special		Percent of Women Shoppers Who Knew of Sale/Special		Percent of Men Shoppers Who Knew of Sale/Special	
Age	1989	1988	1989	1988	1989	1988
Under 25	40.2%	43.7%	45.7%	46.4%	26.4%	36.0%
25-34	52.5	52.5	54.8	54.9	44.0	44.8
35-44	53.2	50.1	57.3	48.7	40.2	56.5
45-54	59.0	51.1	61.5	54.6	49.5	37.5
55-64	61.7	48.4	65.0	50.3	51.8	42.9
65 And Over	64.8	53.3	65.6	52.9	62.6	54.8

Source: Leo J. Shapiro & Assoc/Discount Store News; October 1989

Women over 55 were the most responsive to advertising while men of the same age group were the second most responsive group. (DSN photo)

The over 65 classification, which had basically remained unchanged from 1987 to 1988 rose during 1989, suggesting some belt-tightening among senior citizens.

Preparing for retirement, paying down debt (such as a mortgage) incurred earlier in life, sponsoring the rising costs of a child's college education and unprecedented health care costs are all likely candidates as reasons why shopping for lower prices in this age group could be more important. The lack of concern among their children—those under the age of 25—certainly does not help to lower cost concerns.

Young, Debt-Free, Carefree

All people under the age of 25 became less sales conscious in 1989 than they were in 1988, reversing the trend between 1987 and 1988 when both men and women in this age group had become more aware of advertisements. The consumer group most oblivious to retailer promotions was males under 25. Seventy-five percent of this group is unlikely to respond to ads.

The declining response rate to apparel advertising that retailers have been experiencing, especially promotions of jeans, is no doubt linked to this lack of concern among those aged under 25 years old.

The difficulties most retailers are experiencing attracting this age group for store employment indicates that a large number of those aged under 25 years old either do not need the money to sustain their lifestyle, or have jobs that will pay them considerably more than minimum wage. In either situation, young people are generally unencumbered by debt and are not preoccupied with maximizing the purchases made with their adequate disposable income.

Another possible reason why the young are among the least influenced by advertising could be due to a lack of retailer ad reach. Assuming it is more common for those over 25 to read newspapers and see retail advertising circulars, it is possible the young simply are unaware of special sales. If this is true, television and radio promotions would be the best way for retailers to build shopper traffic in this age group.

Responsive Yuppies

The 25- to 34-year-olds—both male and female—were virtually unchanged in their decision to buy an item because it was on sale. Persons in this age group have witnessed the least amount of fluctuation in their financial standing compared to 1988. They are not yet strapped with the financial burdens of high health care costs and are usually able to offset the costs of a new home or new family through career advancement.

As a whole, 35- to 44-year-olds remained more or less unchanged concerning ad shopping, except men and women of this age classification switched perspectives—men were less aware of merchandise promotions than women, reversing the 1988 trend when men had been more aware than women.

A subtle swing toward the "traditional" role of man as breadwinner and woman as housewife and mother may have contributed to this shift in perspective. The career woman who became a mother is facing the costly child care problem in the United States and may be deciding to forgo the expense and worry of hiring someone to care for her child. Once again at home, she becomes the household consumer, shopping for bargains.

Ambassador
rates #1 for service.

If you want the kind of service that leads the greeting card industry, call Pat Cullinan, V.P. New Business at 816-274-4562. And reverse the charges.

Ambassador

A Hallmark Company
©1990 Ambassador Cards, a division of Hallmark Cards, Inc.

Discount Chains Downplay Sales

Department Stores Step Up Advertising of Sale Items

Last year, discounters apparently played down apparel promotions, as higher-priced department stores fought back with their own aggressive apparel campaigns.

As a group, Sears, JCPenney and Montgomery Ward also were much more aggressive in promoting apparel items on sale than discount stores.

Discounters attracted far fewer sales shoppers in some of their key promotional categories including women's lingerie, clothing, blouses and shirts, men's shirts and shoes.

The type of apparel merchandise and price points retailers used to draw traffic changed considerably during 1989. The category as a whole continued to represent just over 40 percent of all merchandise promotions that had enticed consumers to shop, based on findings from the fourth annual Traffic Builders Survey, conducted for *DSN* by Leo J. Shapiro & Associates, the Chicago-based consumer research firm.

While women's apparel remained the most highly promoted segment of the apparel business, a new effort was made to stimulate traffic through promotions of men's and children's goods.

The result was a doubling of the number of men's shirts promotions consumers were responding to, a near doubling in response to children's clothing ads, and an upswing in infants'/toddlers' clothing mentions.

These promotions also resulted in better sell-through than they had in 1988. For example, only 57 percent of all people who had gone shopping for men's shirts after seeing them advertised actually made a purchase in 1988. Last year, the number of people who walked out of the store with a man's shirt rose to nearly 79 percent. Better selection of style and color, especially at mass merchandisers, contributed to the upswing in the men's shirt business.

Similarly, the percentage of shoppers who bought advertised infants'/toddlers' clothing rose from 50 percent in 1988 to 76 percent last year. In children's clothing, the purchase rate rose from 62 percent to 78 percent.

The good news is, people are more likely to buy most advertised items; the bad news is, these consumers are spending considerably less at the cash register.

The mean ticket of those shoppers who bought a man's shirt in 1988 was $51; this fell to $33 in 1989. Women's jogging suits generated an average ticket of $41 in 1988 but only $21 last year. The average ticket on a purchase that was spurred by a promotion for women's blouses/shirts fell to $35 from $47 and for women's jeans, the average ticket sunk to $45 from $56.

Apparel items like lingerie/sleepwear, infants'/toddlers' and women's dress pants/slacks did run against this trend, with higher tickets generated last year than the year before. These increases, however, were not as pronounced as the decreases.

Women's blouses and shirts replaced women's lingerie/sleepwear as the most fre-

(Continued on page 64)

LINGERIE
LOVEPATS

***Women's lingerie/sleepwear** attracted the greatest percentage of shoppers who purchased a sale item.* (DSN photo)

Customer Purchases of Apparel Traffic Builders

Product Category	Percent of Shoppers Who Bought a Product They Knew Was On Sale	Mean Ticket of Those Who Bought the Sale Item**	Percent of Mentions by Frequent Shoppers at All Stores*
Women's Lingerie/ Sleepwear	87.9%	$34	56.6%
Men's Shirts	78.6	33	43.8
Women's Accessories	78.6	26	59.5
Children's Clothing	78.4	50	49.5
Women's Jeans	77.8	45	63.4
Infants'/Toddlers' Clothing	76.4	45	55.4
Women's Blouses/Shirts	74.4	35	54.5
Women's Dress Pants/Slacks	69.2	47	45.7
Women's Shoes/Boots	69.1	44	36.8
Women's Sweaters	69.1	40	41.8
Women's Outdoor Coats/Jackets	67.5	66	49.6
Women's Jogging Suits	61.8	21	54.4

*Shoppers who shopped store at least twice a month

**Could include other items as well as sale items

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

***Customer Purchases of Apparel Traffic Builders** is ordered by the apparel promotion most likely to result in a purchase by a consumer, column one. Topping the list is Women's Lingerie/Sleepwear; 87.9 percent of all who bought this apparel item knew it was on sale before going to the store. The average total amount spent on the shopping visit is listed in column two, $34, which includes both the lingerie/sleepwear bought and any other items. Column three indicates whether infrequent or frequent customers were most responsive to the promotion. Frequent shoppers represented 56.6 percent of customers who went to the store for a sleepwear/lingerie sale; therefore infrequent shopper response was 43.4 percent, to total 100 percent.*

Top Apparel Traffic Builders By Outlet

Product Category	Percent of Total Mentions at All Stores	Discount Stores	Mass Merchandisers	Department Stores
		Percent of Mentions in Category	Percent of Mentions in Category	Percent of Mentions in Category
Women's Blouses/Shirts	4.3%	44.7%	25.2%	10.8%
Women's Accessories	4.0	43.8	21.8	14.6
Women's Lingerie/ Sleepwear	3.8	49.8	27.6	11.2
Women's Jeans	3.4	56.9	15.2	16.9
Women's Sweaters	3.2	30.7	32.8	5.0
Women's Shoes/Boots	2.8	34.1	30.4	16.6
Children's Clothing	2.4	46.5	29.1	13.2
Women's Dress Pants/ Slacks	2.4	43.8	31.5	6.6
Men's Shirts	1.9	25.3	38.9	19.0
Women's Outdoor Coats/Jackets	1.9	37.1	40.2	16.9
Women's Clothing	1.9	33.6	31.1	25.3
Infants'/Toddlers' Clothing	1.7	76.2	10.0	6.1

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

***Top Apparel Traffic Builders by Outlet** indicates which apparel merchandise is best at drawing traffic at discount, mass and department stores. Of all consumers surveyed, women's blouses/shirts was mentioned most often—by 4.3 percent—as the promotion that drew them to a store. The three Percent of Mentions in Category columns usually add up to 100 percent. These three columns show that 44.7 percent of all people surveyed who had gone to a store for a blouse or shirt were drawn by a discount store ad; 25.2 percent had seen a mass merchandiser ad and 10.8 percent saw a department store ad. The remaining 19.3 percent were generated by specialty stores.*

TRAFFIC BUILDERS

HOME PRODUCTS

Housewares • Domestics • Photo • Consumer Electronics • Home Office • RTA Furniture

Promos Target Product Niches

VCR Tapes, Linens, Home Storage Leading Traffic-Building Categories

Top Home Products Traffic Builders By Outlet

Product Category	Percent of Total Mentions at All Stores	Discount Stores	Mass Merchandisers	Department Stores
		Percent of Mentions in Category	Percent of Mentions in Category	Percent of Mentions in Category
Sheets, Comforters, Bedspreads	4.2%	52.9%	24.8%	8.7%
Home Storage	2.4	71.8	7.1	8.7
VCR Tapes	1.4	96.0	4.0	—
Small Kitchen Appliances	1.4	83.8	12.5	3.7
Furniture	1.0	79.3	5.5	—
Bath Towels	1.0	57.2	17.9	5.4
Window Coverings	0.8	71.5	14.2	6.8
Tableware	0.7	49.2	24.5	14.8

Source: Leo J. Shapiro & Assoc/Discount Store News; October 1989

***Top Home Products Traffic Builders by Outlet** indicates which home products merchandise is best at drawing traffic at discount, mass and department stores. Of all consumers surveyed, sheets, comforters, bedspreads were mentioned most often—by 4.2 percent—as the promotion that drew them to a store. The three Percent of Mentions in Category columns usually add up to 100 percent due to the dominance of these three outlet types listed. When they do not total 100, other retailers—usually specialty stores—represent the balance. These three columns show that 52.9 percent of all people surveyed who had gone to a store for sheets, comforters or bedspreads were drawn by a discount store ad; 24.8 percent had seen a mass merchandise ad, and 8.7 percent saw a department store ad.*

Discounters, more than any other type of retailer, continued to utilize products for the home as traffic builders last year. However, intensified advertising by department stores resulted in shifts of shopper traffic.

All retailers were more aggressive last year in promoting bath towels and tableware, two categories that did not appear on the top home products traffic builders list during 1988.

Promotions of home fashion products such as servingware, sheets, and decorated closet storage items succeeded in bringing customers to the store but, in most cases, only the sale item was purchased.

The fourth annual Traffic Builders Survey conducted for *DSN* by Leo J. Shapiro & Associates, Chicago, also indicated the specific product groups where retailers are picking their promotional niche.

Discounters, already kings of promotion-driven VCR tape sales, pulled ahead even further to be nearly the exclusive resource among the discount, mass and department store outlets. As a group. Sears, JCPenney and Montgomery Ward were mentioned by 4 percent of shoppers as the place they bought a promoted VCR tape; discount store promotions captured the other 96 percent.

While sheets, comforters, bedspreads and home storage items were mentioned more often by customers as the subject of an ad that had brought them to the store, a smaller percentage actually walked out of the store with one of those items. More than nine out of 10 shoppers who went to the store in response to a VCR tape sale, left with a tape, compared with about eight out of 10 for home storage and a little over six out of 10 of those shopping for bed linens.

Not only did VCR tape promotions get people into the store, nearly every person who went to the store because of the advertising went home with VCR tapes . . . and more. With an average of $33 dollars spent when shopping for VCR tapes, it is pretty clear that blank tapes are dynamos in terms of generating add-on sales for discounters.

The mean ticket spent in most other home products categories indicates that consumers are shopping for the promoted merchandise and buying only the promoted merchandise.

White sales are one of the best ways for retailers to bring new or infrequent customers into their store; about six out of 10 customers responding to linen promotions do not regularly shop the store offering the discounted prices.

Sheets, comforters and bedspreads were mentioned by 4.2 percent of all consumers surveyed as the merchandise they had seen on promotion and had gone out to buy, exactly double 1988's level. This very strong response to advertising, however, continued to be met with disappointment by consumers. Stores were either out of stock, or offered unfashionable color and pattern selections based on the nearly 35 percent of these shoppers who walked away empty-handed.

While the 65.8 percent of shoppers who did buy a sheet, comforter or bedspread is a few percentage points better than in 1988, the persistently low purchase rate suggests an area where retailers could substantially boost promotion-driven sales. On the positive side, the bed linens shoppers who did make a purchase spent more at the cash register last year, with an average increase of $4.

Discounters' share of the sheets, comforters and bedspread promotional business tumbled in 1989 to 53 percent of consumers surveyed; in 1988, 63 percent responded to a discounter promotion.

In contrast, only 15 percent of shoppers who had seen an ad for home storage products, the second most frequently mentioned home products category, walked away from the store empty-handed. Discounters and Sears/Penney/Ward lost some of the promotional home storage business to department stores, but discounters were still No. 1, attracting over seven out of 10 consumers shopping such a sale.

Consumers did, however, spend less at the cash register when responding to home storage promotions. An average of $33 was spent in 1989 vs. $41 in 1988.

Even more than white sales, promotions of home storage goods attracted infrequent shoppers, up by about 10 percent from 1988. The new closet storage niche chains and home center stores tapped into the business more last year. During 1989, 87.6 percent of all category promotions were mentioned by discount and department stores consumers. This is down from nearly 97 percent in 1988, indicating that these other retailers are more aggressively promoting the storage category.

Tableware was the area of home products where department stores showed considerable promotional strength in contrast to discounters. This is the only category of home products where discounters did not even represent half of the business.

Sears/Penney/Ward attracted about one-quarter of all customers shopping for promoted tableware in 1989. Department stores represented about 15 percent of all mentions, and discounters just under one-half of the total.

The average amount spent on promoted tableware was $17. This fairly low average ticket suggests there is opportunity for discounters and mass merchandisers to exploit the promotability of this price-sensitive category.

Sears/Penney/Ward took away promotional sales of small kitchen appliances from both discount stores and department stores, but discounters continued to be responsible for the lion's share of the promotional business.

For Hard Lines Traffic Builders, see page 71.

Customer Purchases of Home Products Traffic Builders

Product Category	Percent of Shoppers Who Bought a Product They Knew Was On Sale	Mean Ticket of Those Who Bought the Sale Item**	Percent of Mentions by Frequent Shoppers at All Stores*
VCR Tapes	95.2%	$33	86.4%
Home Storage	85.2	33	39.7
Tableware	84.4	17	56.9
Bath Towels	73.2	30	61.1
Furniture	72.6	82	62.1
Sheets, Comforters, Bedspreads	65.8	34	43.7
Window Coverings	59.5	22	53.6

*Shoppers who shopped store at least twice a month
**Could include other items as well as sale items

Source: Leo J. Shapiro & Assoc/Discount Store News; October 1989

***Customer Purchases of Home Products Traffic Builders** is ordered by the home products promotion most likely to result in a purchase by a consumer, column one. Topping the list is VCR tapes; 95.2 percent of all who bought this home products item knew it was on sale before going to the store. The average total amount spent on the shopping visit is listed in column two, $33, which includes both the VCR tape(s) bought and any other items. Column three indicates whether infrequent or frequent customers were most responsive to the promotion. Frequent shoppers represented 86.4 percent of customers who went to the store for a VCR tape sale; therefore infrequent shopper response was 13.6 percent, to total 100 percent.*

Pet Supplies Fetch Big Profits

Customers Buy More and Spend More for Promos

Consumers bought more and spent more in response to hard lines merchandise promotions during 1989, despite an overall drop in the level of retailer hard lines advertising.

Sears, Penney and Ward made inroads in discounter dominance in some hard lines product areas, but discounters rebounded by exploiting categories few specialty stores have promoted, such as food, automotives and pet supplies.

The level of add-on sales pushed mean ticket spending levels up in nearly every hard lines category, with the exception of such items as toys/games and motor oils.

Department stores, while not a major factor in many hard lines categories, did climb to a position of importance in promotional cards, and increased traffic somewhat from toy and game advertising.

The fourth annual Traffic Builders Survey, was researched by Chicago-based Leo J. Shapiro & Associates for *DSN* to measure consumer responses to retailer product promotions.

Pet supplies emerged in 1989 as a product area with few price competitors. The percentage of all consumers surveyed who mentioned a pet supply promotion rose to 1.6 percent from 0.9 percent in 1988. Discounters took over the promotional pet supply business from independent retailers and grocery stores, claiming 98.3 percent of all consumer mentions, up 6 percent from 1988.

With average purchases ringing up $16 at the cash register, discounters are not just selling "chicken feed." Pet toys, pet health aids to combat the spread of Lyme disease and fleas are generating profitable sales dollars. One buyer from a large Midwestern discount chain said pet supplies had been, "the most underestimated profit maker" in his stores.

Nine out of 10 ad-driven, pet supply shoppers made a purchase, a level only a handful of products throughout a store generates on ad. In most other categories, this high level would suggest good in-stock positioning and selection. In pet supplies it might also reflect consumer willingness to substitute one brand of pet food or toy for another.

Shopper responses to advertised pet supplies is consistent with other consumables. About one-fourth of all who responded to promotions do not often shop the store, but are lured by the sharp pricing.

The percentages of consumers who bought candy and food at a discount outlet was up 5 percent due to improved in-stock positions.

Nonetheless, grocery stores evidently took back part of the promotional candy

(Continued on page 73)

***The number of shoppers** who bought candy/food on promotion at a discounter was up 5 percent due to improved in-stock positions.* (DSN photo)

Top Hard Lines Traffic Builders By Outlet

Product Category	Percent of Total Mentions at All Stores	Discount Stores	Mass Merchandisers	Department Stores
		Percent of Mentions in Category	Percent of Mentions in Category	Percent of Mentions in Category
Candy	6.3%	91.4%	0.9%	—
Hair Care/ Personal Care Items	5.1	85.1	3.5	1.0%
Household Paper Products	5.1	97.2	2.3	—
Toys/Games	4.3	82.2	6.7	4.9
Household Cleaners	3.7	91.6	6.2	1.4
Food, (e.g. Chips, Spices, Cookies)	2.7	91.2	—	—
Halloween Costumes/Decor	2.5	82.6	6.9	—
Pets/Pet Supplies	1.6	98.3	—	—
Motor Oil	1.5	86.8	11.5	—
Automotive (e.g. Battery, Brake Fluid)	1.2	91.0	4.7	—
Tires	0.9	45.8	51.2	—

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

***Top Hard Lines Traffic Builders by Outlet** indicates which hard lines merchandise is best at drawing traffic at discount, mass and department stores. Of all consumers surveyed, candy was mentioned most often—by 6.3 percent—as the promotion that drew them into a store. The three Percent of Mentions in Category columns usually add up to 100 percent due to the dominance of these three outlets. When they do not total 100, other retailers–usually specialty stores–represent the balance. These columns show that 91.4 percent of all people surveyed who bought candy were drawn by a discounter ad; 0.9 percent were responding to a mass merchandiser promotion, and no consumer saw a department store candy ad. In this case, the missing 7.7 percent of responses were probably generated by grocery ads.*

Customer Purchases of Hard Lines Traffic Builders

Product Category	Percent of Shoppers Who Bought a Product They Knew Was On Sale	Mean Ticket of Those Who Bought the Sale Item**	Percent of Mentions by Frequent Shoppers at All Stores*
Pets/Pet Supplies	91.1%	$16	75.9%
Laundry Products	89.1	35	78.5
Food, (e.g. Chips, Spices, Cookies)	88.5	29	84.0
Household Paper Products	87.9	33	78.6
Motor Oil	87.9	24	50.3
Hair Care/Personal Care Items	87.6	27	73.8
Household Cleaners	83.1	34	67.4
Candy	79.2	25	77.8
Toys/Games	72.7	40	64.8
Halloween Costumes/Decor	50.7	28	61.0

*Shoppers who shopped store at least twice a month

**Could include other items as well as sale items

Source: Leo J. Shapiro & Assoc./Discount Store News; October 1989

***Customer Purchases of Hard Lines Traffic Builders** is ordered by the hard lines promotion most likely to result in a purchase by a consumer, column one. Topping the list is pet supplies; 91.1 percent of all who bought this item knew it was on sale before going to the store. The average total amount spent on the shopping visit is listed in column two, $16, which includes both the pet supplies purchased and any other items. Column three indicates whether infrequent or frequent customers were most responsive to the promotion, Frequent shoppers represented 75.9 percent of customers who went to the store for pet supplies; therefore infrequent shopper response was 24.1 percent, to total 100 percent.*

Pet Supplies Fetch Profits With Few Price Competitors

(Continued from page 71)

business during 1989, based on a drop in the number of total mentions, and a drop in mentions at all three retail outlets.

Discounters dropped 6 percent in the number of shoppers who said they were responding to a discounter candy promotion. The mean ticket of those who bought candy held constant at $25. The mean ticket for food increased from $4 to $29.

In both the candy and food categories, a growing number of shoppers responding to the product promotions are frequent store customers, or those that shop that particular store at least twice per month.

In 1988, six out of 10 people surveyed who were shopping for food were frequent shoppers compared with eight out of 10 last year.

Similarly, nearly eight out of 10 consumers who bought candy on sale were frequent store shoppers, up from seven out of 10 in 1988.

Household paper products, laundry products and household cleaners all inspired tremendous add-on sales activity. When retailer ads pulled shoppers into stores for these items which usually cost from $1 to $3, they left an average of $34 at the cash register.

Each of these hard lines products stimulated higher mean tickets in 1989 than the previous year, as much as an average of $3 more per shopper. Assuming that a typical shopper would not spend $33 on household paper products, nor $35 exclusively on laundry products, the add-on sales generated are the highest of all products studied, with the exception of VCR tapes which provided comparable add-on sales results.

Sears, Penney and Ward, while very minor players in the promotional cleaning aids business, did become somewhat more aggressive in the category. Promotions for cleaners at these stores were not mentioned at all by consumers in 1988. More ad spending by mass merchandisers in 1989 resulted in a shift of mentions from discounters to Sears, Penney and Ward.

***Pet supplies** including toys and health aids was a product area with few price competitors in 1989.* (DSN photo)

Buddy L Acquired By SLM Canada

MONTREAL — SLM Canada announced it has acquired the Buddy L Corporation for an undisclosed sum.

Founded in 1910, Buddy L, New York, markets a line of steel toy cars, trucks, railroad cars, airplanes and construction equipment made in the Far East. It also markets a line of infant and preschool toys called, My First Buddys.

The Buddy L acquisition adds an estimated $40 million in sales to SLM's revenues of $120 million a year.

SLM is a molder of plastic toys and sporting goods, such as children's pools, sandboxes, sleds and toboggans and hockey and figure skates. One of its better known brand names is the Black Snow snowboard.

Tap Into
A $2 Billion
Growth Market
With
•ONLY•
WATER

•ONLY•
WATER

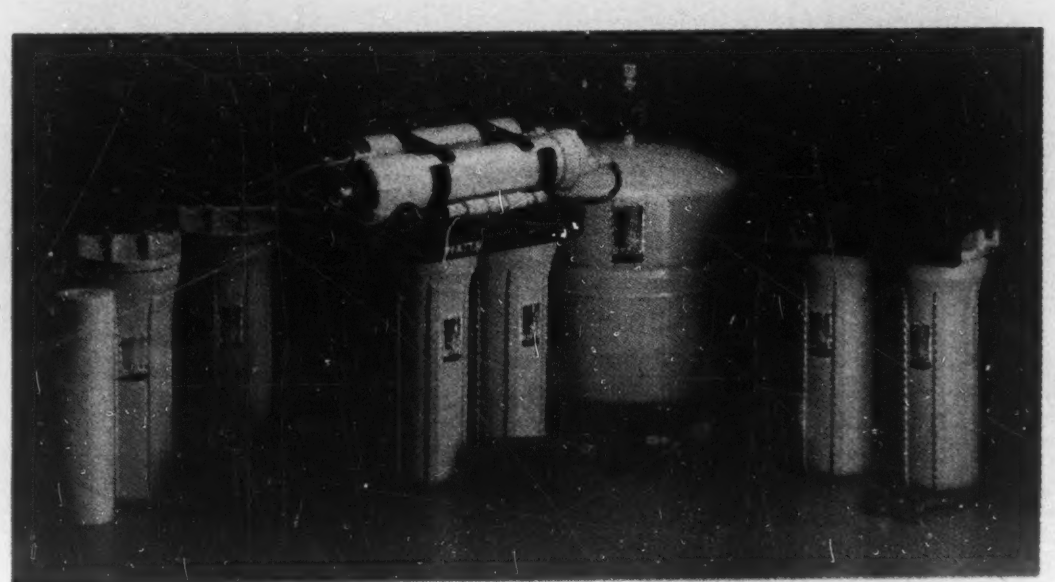
Consumer-installed water filtration is one of the fastest growing sales opportunities in retailing today—improved quality of water. **Only Water** offers *four* systems to cover the range of customer water problems and budgets.

In addition, **Only Water** offers these unique advantages:
- Easy-to-install systems that perform as promised.
- Dynamic POS promotion including: posters, displays and packaging.
- An installation/service 800 hotline.
- Coleman's nationwide reputation for quality, reliability and customer service.

With all it has going for it, **Only Water** is the *only* water filtration system you need to carry.

Start cashing in on the sales opportunity of the '90s and soak up your share of the $2 billion people are spending on better tasting water with fewer contaminants.

For more information, contact the **Only Water** division of Coleman Powermate, 125 Airport Road, Kearney, NE 68848, (308) 237-2181.



A Coleman PRODUCT

Stuarts to Give Stores Updated Look

(Continued from page 1)

dising executive at Jamesway, these changes represent the beginning of an "exciting" turnaround plan for Stuarts.

"We need to increase consumer recognition of Stuarts, differentiate ourselves from the competition, improve the execution of operations, and be more cost-efficient," said Ettore, describing his key strategic points.

The immediate changes planned by Ettore include:

- Marketing/Advertising—Upgrading the quality of ads with a four-color circular; a new slogan promoting Stuarts as "New England's Way To Save"; and a new radio advertising campaign;
- Merchandising—Maintaining an everyday low price policy; a new center aisle promotion called "Hot Stuff"; a stronger mix of brand names such as the addition of Manhattan and Sasson in men's wear; test of vendor departments; more face-front hanging presentations; a new paint program and crafts section.
- Operations—Implementation of an in-store training program; addition of an incentive bonus program for employees; more MIS enhancements including scanning; a new 88,000-square-foot distribution center with more storage space; and reduction of out-of-stocks and rebates;
- Store design—Adding more coordinated signage throughout the store with a new slogan; new accent color teal added to rust and beige scheme; remodeling of Grafton, Mass., store, the oldest unit in the chain.

However, merely implementing these changes will not be the measure of success for Stuarts. "The telltale sign is going to be how we perform," admitted Ettore.

And it appears that the confidence level for growth and profitability is high. Ettore projects about a 7 percent store-for-store increase in the first half of 1990. "We know a lot of people are planning flat," he said, "but we're not afraid of the 7 percent increase, even in light of a bad economy."

That would be a significant turnaround for Stuarts considering last year's poor performance. For the third quarter ended Oct. 28, 1989, total sales increased slightly to $37.8 million from $35.2 million in 1988. However, comparable store sales declined 5.1 percent, while the company posted a net loss of 1 cent a share compared to net income of 15 cents a share in 1988.

Through the first three quarters, total sales rose slightly to $101 million from $97.2 million in 1988. Comparable store sales declined 1.5 percent over the three quarters in 1988. A net loss amounted to 5 cents a share compared to net income of 22 cents per share in 1988.

At presstime, Stuarts had not yet reported year-end results. Ettore projected total sales will be about $150 million vs. $140.4 million in 1988.

"Stuarts became a very boring chain probably because of its advertising," said Ettore. "Everybody was romancing the customer with beautiful and more focused ads. We just kept going with the same format [16 items to a page, no color]. The customer got confused and didn't perceive Stuarts as an exciting store. And they drifted away."

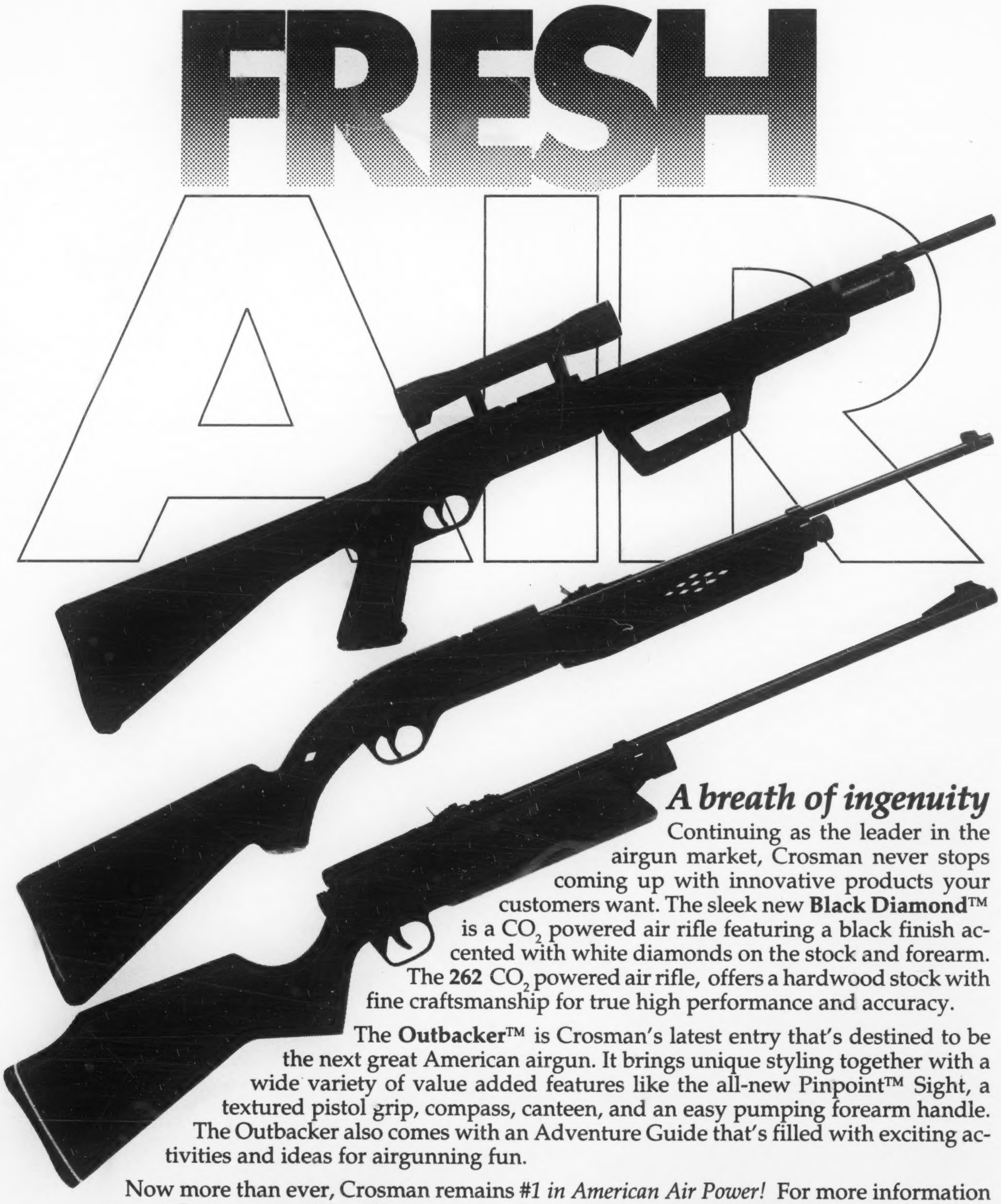
But Ettore, who assumed the president's role last October (his first in such a capacity), is confident that Stuarts can bring customers back. He believes that there is tremendous growth potential in the New England market especially since Mars and Zayre are no longer competitors.

"The most important things Joe brought to Stuarts are energy and excitement," said Earl Spokane, senior vice president of finance. "He has provided leadership, direction and enthusiasm."

"Without a doubt, Joe is a leader of the troops," concurred Dave Ferguson, senior vice president of operations.

Even Ettore himself believes that he has inspired people and improved communications throughout the chain.

But, as he admitted, the measure of success will be profitability. And only time will tell if the new Stuarts will become "New England's Way to Save" or another regional chain that couldn't survive.



A breath of ingenuity

Continuing as the leader in the airgun market, Crosman never stops coming up with innovative products your customers want. The sleek new **Black Diamond**™ is a CO_2 powered air rifle featuring a black finish accented with white diamonds on the stock and forearm. The **262** CO_2 powered air rifle, offers a hardwood stock with fine craftsmanship for true high performance and accuracy.

The **Outbacker**™ is Crosman's latest entry that's destined to be the next great American airgun. It brings unique styling together with a wide variety of value added features like the all-new Pinpoint™ Sight, a textured pistol grip, compass, canteen, and an easy pumping forearm handle. The Outbacker also comes with an Adventure Guide that's filled with exciting activities and ideas for airgunning fun.

Now more than ever, Crosman remains #1 *in American Air Power!* For more information contact Crosman AirGuns, Routes 5 & 20, Dept. DSN 29, East Bloomfield, NY 14443, 1-800-828-1495, (In NYS 716-657-6161).

Crosman® AirGuns
#1 IN AMERICAN AIR POWER!

DISCOUNT STORE NEWS (ISSN 0012-3587), is published biweekly—every other Monday—23 times a year except issues of Jan. 29, Aug. 6, Nov. 5 and Nov. 26, which are published every third week; monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscriptions are available at no charge to qualified retailers and wholesalers. Paid subscriptions are available to manufacturers and their reps, schools, libraries, govt. agencies and all others—one year, $69; Canada: one year, $75; Foreign subscriptions-Airmail only: $175 (U.S.$ only). Single copy rate $4, except annual census issues $35 ea.

Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved.

Postmaster: please send address changes to Subscription Department, *Discount Store News*, 305 Madison Ave., Suite 535, New York, N.Y. 10164-0659. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 29, No. 4 Feb. 26, 1990

CS150-3

Discount St

THE NEWSPAPER OF DISCOUNT RETAILING

SECOND CLASS

011386I JUN90DS
ATTN: SRI
KURT MILLS CONGRESS INFO 1YD
4520 E W HWY
BETHESDA MD 20814

VOL. 29, NO. 5

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$4 per copy
March 12, 1990

The Sports Authority To Sport New Owner

By Richard C. Halverson

FT. LAUDERDALE, Fla. — K mart has purchased The Sports Authority, the first retailer to venture into the warehouse-size sporting goods concept, which now operates eight Sun Belt megastores.

K mart's own Sports Giant sporting goods chain will be folded into Sports Authority, which will operate as an independent subsidiary under its original management.

A confidential industry source told *DSN* that K mart signed an agreement late last month to purchase Sports Authority. Although both sides declined comment about whether the sale had been consummated, at presstime, a release signed by both parties revealed that the transaction had been completed. Terms were not disclosed.

"We've talked to Woolworth, Montgomery Ward, K mart and offshore people," about selling the chain, Jack Smith, founder, told *DSN* prior to the announcement.

(Continued on page 74)

K mart's Store Therapy

'Oak Park Look' to Revive Discount Stores

By Arthur Markowitz

TROY, Mich. — K mart Corp., plans to spend over $2.3 billion through 1994—about double the commitment announced just last year—to try and breathe new life into its stagnant discount stores.

The effort, revamping the chain to follow the sophisticated merchandising presentation first displayed in the Oak Park, Mich., store opened last fall, will touch each and every K mart to some degree as it unfolds over the five years.

It involves enlarging 620 K marts, relocating 280 others and closing 30 stores, all to be completed by 1993, along with refurbishing 1,260 units and opening 250 new outlets, 50 a year, through 1994—with each K mart showing off what the discounter calls the "Oak Park look."

Apart from the $2.3 billion program for the discount stores, the diversified retailer is developing a separate capital spending plan for its specialty store operation. The amount hasn't been determined but is expected to be much less as the needs of the specialty stores aren't as pressing as the discount stores.

K mart chairman, president and chief executive officer Joseph Antonini said the accelerated capital spending program for the K marts "will strengthen the company for the future . . . is the best investment we can make in our core discount store business and clearly demonstrates the company's commitment to discount store retailing. In essence, we are making the right changes, right now."

The $2.3 billion, five-year capital spending plan for K mart updates the $1.3 billion commitment Antonini announced in October 1989 (see *DSN*, Oct. 30, 1989, page 1) when the company first addressed the growing concern about the discount stores' lackluster performance.

The corporation acted as sales at the K marts have slowed down and the discount stores face growing competitive pressure from four major general merchandise rivals.

Sears last year launched its own moderniza-

(Continued on page 76)

RUSTLER
Lee
Wrangler
BRITTANIA
POWER BLUES
8
Wrangler
25
19 99

Men's at K mart, Oak Park, Mich.: *Name brand signage and focal walls are a hallmark of the 'Oak Park look.'* (DSN photo)

VICS Plans 4 Committees To Begin Quick Response

By Arthur Markowitz

TROY, Mich. — VICS has a new mission—implementing Quick Response among the greatest number of retailers and manufacturers.

It plans to carry out this mandate by setting up four new committees. One, Marketing and Education, is to focus on developing an educational program to counter the lack of understanding that many companies have about the benefits of Quick Response and how it works.

David Carlson, K mart's senior vice president, Corporate Information Services, who has been active with VICS since its founding, said: "Surveys still show that companies don't fully appreciate the impact that QR will have in providing better service to consumers. It enables manufacturers and retailers to get goods faster and more efficiently to customers. It

(Continued on page 7)

Child World Plans to Expand Prototype Format

By Tony Lisanti

FRAMINGHAM, Mass. — Child World has announced plans to remodel at least nine stores this year to test the viability of its "revolutionary" new store of the future.

"We need to develop a new and exciting store that will differentiate ourselves from Toys 'R' Us and will yield increased sales with fewer sku's and less inventory," said Peter Hayes, president of the 174-unit toy chain, based in Avon, Mass.

The prototype store, which was quietly opened in Framingham during the past Christmas season, is a dramatic departure from the narrow aisles and high stock traditionally found at toy chains. The result is a brighter, more open and more accessible store with a new color scheme, new fixtures, wider aisles, revamped adjacencies in addition to power vendor-designed product displays.

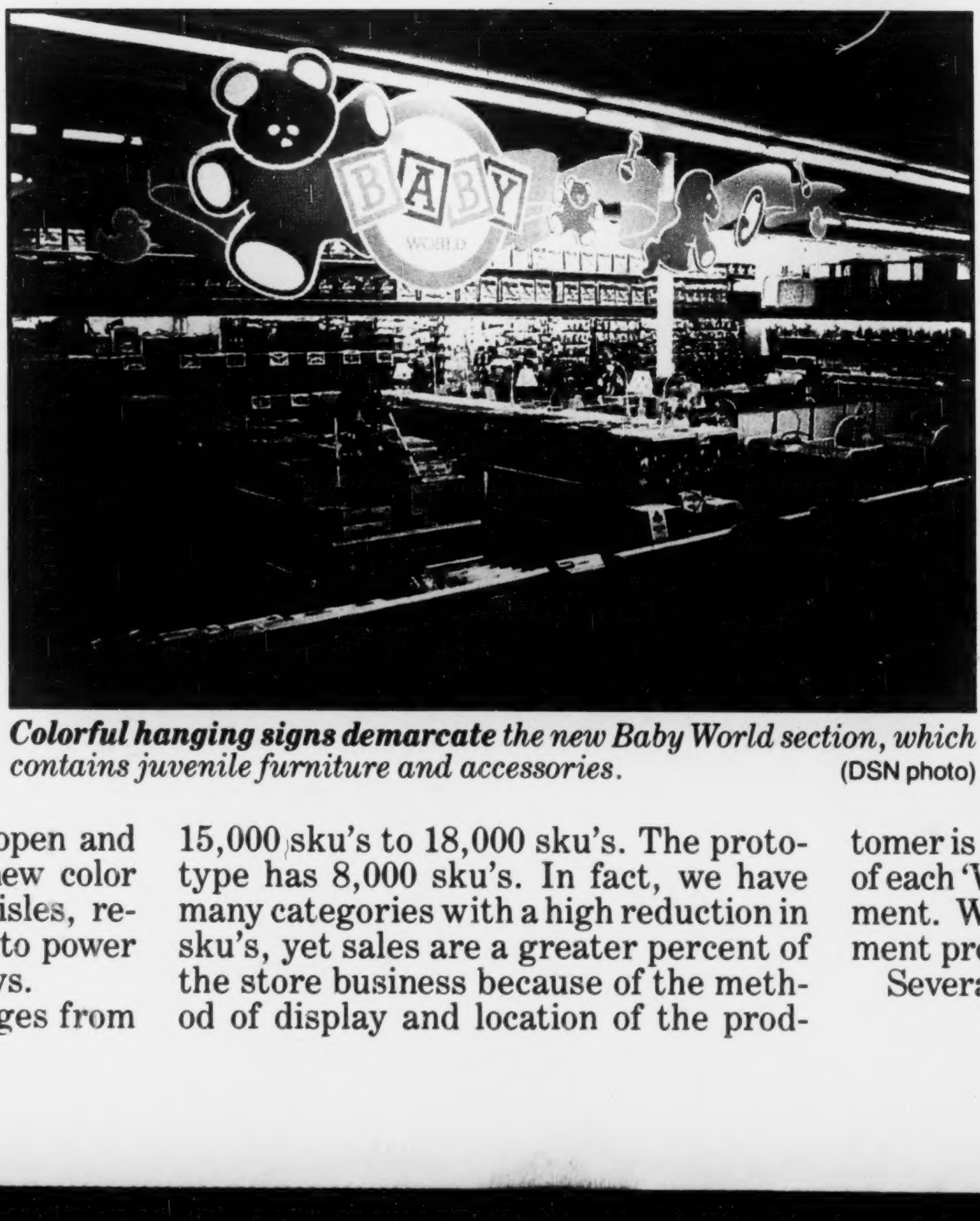
"Our typical assortment ranges from 15,000 sku's to 18,000 sku's. The prototype has 8,000 sku's. In fact, we have many categories with a high reduction in sku's, yet sales are a greater percent of the store business because of the method of display and location of the product," Hayes explained.

The traditional long and high gondola runs have been redesigned into the shape of a cross (or "quad" fixture), with merchandise reclassified into "Worlds" displayed on each of the four sides. For example, the "Girls Block" was divided into dolls, fashion dolls, and Let's Play House. The "Boys Block" was divided into action figures, cars and trucks, and hobbies. In addition, vendors developed enclosed product displays (18 inches high by 48 inches wide) in several subcategories including Lego and Barbie.

"Lowering the gondolas [now 5 feet high] was a bigger hit with customers than we expected," said Hayes. "A customer is now able to stand at the entrance of each 'World' and view the entire assortment. Wide aisles through each department provide easy flow to other areas."

Several new departments were added

(Continued on page 76)



Colorful hanging signs demarcate *the new Baby World section, which contains juvenile furniture and accessories.* (DSN photo)

Inside This Issue

Insights:
Quick Response Focuses on EDI page 31

Apparel:
Cotton Is Tops In Men's Sweaters page 43

Home Products:
Water Treatment Set for Splash page 55

Hard Lines:
Home Center Expo Saws Off Half Day page 61

MARKETWATCH

Office Depot's Daugherty Resigns

BOCA RATON, Fla. — Steve Daugherty has resigned as president of the office supply superstore chain, Office Depot based here, but will continue as a company consultant through July. Chairman and ceo David Fuente will add the title of president until a successor is found.

Ames Names Two Execs to Key Posts

ROCKY HILL, Conn. — Ames Department Stores has named former The Gap cfo Alan E. Zimtbaum senior vice president, finance and chief accounting officer, and also elected former Jordan Marsh ceo Elliot J. Stone to its board of directors. Zimtbaum, who served with The Gap from 1981 to 1989, was most recently cfo of Allez, a fitness apparel retailer. Stone, in addition to his role at Jordan Marsh, also served as vice chairman of Federated Stores and Allied Stores after the purchase of the Boston-based department store chain.

Revamped Hypermart USA Opens

KANSAS CITY — Wal-Mart, in a widely expected move, has modified its Hypermart USA operation with the opening in February of its fourth unit. The new unit, possibly presaging changes at the existing three stores, has a new name, Wal-Mart's Hypermart USA, and a new look, with more sku's, wider aisles and lower merchandise fixtures.

Telco Disconnects Houston Gateway

HOUSTON — Southwest Bell Corp., will shut down its SourceLine data gateway when the telephone service's one-year trial ends next week. SourceLine enabled about 16,500 Houston households using either personal computers or a dedicated U.S. Videotel videotex monitor to access 300 on-line providers of goods and services. U.S. Videotel, meanwhile, which ran the service for the telco, plans to offer its own expanded information network that has other interactive services to SourceLink customers and to households in surrounding markets in Southeast Texas.

Private Label Credit at Lechmere, Meyer

RIVERWOODS, Ill. — Sears Payments Systems Inc., is now the third-party processor of private label credit cards for 18-unit Lechmere and the jewelry and electronics divisions of 125-store Fred Meyer. Both chains were providing internal private label credit cards, although Meyer's extended only to its jewelry department. "The new program . . . will make shopping easier for our customers," said Fred Meyer senior vice president, jewelry and home electronics Ed Dayoob.

OW Office Warehouse to Double Size

VIRGINIA BEACH, Va. — OW Office Warehouse, plans to "at least double" its size by year-end, according to Michael Rouleau, president and chief operating officer. The 14-unit office supplies superstore chain plans store openings in Amherst, Buffalo, Rochester (two), and Syracuse, N.Y., Harrisburg and Pittsburgh, Pa., Roanoke, Va., and Raleigh, N.C., during the first half of 1990. After that, additional stores are planned for Philadelphia, Hampton Roads and Richmond, Va., Durham and Charlotte, N.C., and Nashville and Memphis, Tenn.

Retail Systems Alert Sponsors Conference

NEWTON HIGHLANDS, Mass. — Retail Systems Alert will sponsor Retail Systems 90, a conference and exhibition covering three strategic retail automation technologies: decision systems, networking and store systems. It will be held at the Infomart in Dallas, May 22-24. Information: Retail System Alert, (617) 527-4626, fax (617) 527-8102.

HQ Premieres Canadian Operation

VANCOUVER, British Columbia — HQ Office International will become the second office supply megastore operator in Canada when it opens its first unit at the end of the month in Vancouver's Richmond suburb. The company, sister firm to Long Beach, Calif.-based HQ Office Supply Warehouse, plans to open at least four more megastores this year, two in Calgary, Alberta, next month, and two in Edmonton, Alberta, in May. The megastore concept in Canada was launched last fall by Office Supply Warehouse, an unrelated firm, which opened two units in Toronto.

Waldenbooks Opens New Chapter With Preferred Reader Program

STAMFORD, Conn. — Waldenbooks is turning up the heat on its competition with its new Preferred Reader program, designed to make the 1,555-unit book retailer the store of choice for people who buy books.

For a $10 annual fee ($5 during March), Waldenbooks is now offering 10 percent off every book purchase and a $5 coupon for every $100 of accumulated purchases.

In addition, Waldenbooks is offering members various customer services including rapid check acceptance, personalized mailings and a toll-free order number, among its enticements to sign up for the program.

The Preferred Reader program, which became effective March 5, is not available at Readers Market locations, which are the book departments that Waldenbooks operates for its corporate parent in many K mart stores.

For some of Waldenbooks' competitors, matching the program could be the equivalent of cutting their own throats as they try to match the industry leader and offer bigger discounts on books.

However, in order to stay competitive with Waldenbooks, B. Dalton Bookseller, with over 800 stores, and Crown Books, with 250 units, will, reluctantly, offer similar programs. Their moves will effectively eliminate Waldenbooks' competitive advantage and may even jeopardize their quest for enlarging its market share.

"This program is designed for our customers," said Ron Jaffe, senior director of marketing for Waldenbooks. "We're not trying to get into war with anyone."

For some of Waldenbooks' competitors, matching the program could be like cutting their own throats.

(Continued from page 76)

Jordache Renames Heck's; New Units Called L.A. Joe

NITRO, W.Va. — Jordache is renaming the Heck's stores it is buying L.A. Joe, after one of its apparel labels.

The apparel manufacturer expects to reopen some 60 stores as closeout units under the L.A. Joe name by the end of March, said Udi Toledano, an executive for Retail Acquisition Corp., an entity Jordache established to acquire the Heck's stores.

John R. Isaac Jr., now Heck's chairman, is the president of Jordache's venture into retailing, Toledano said. Leo Milewicz, now hard goods merchandiser for Heck's, will also shift to L.A. Joe in the same capacity.

For soft goods merchandising, Jordache appointed Alan Kilman, formerly of Syms, who will work out of New York. The merchandise mix of L.A. Joe will be about 70 percent apparel, Toledano said, and 30 percent hard lines.

Heck's was operating 55 stores when the acquisition was proposed in January. Since then, Jordache has taken over Heck's retail division and reopened one of dozens of stores Heck's closed while emerging from Chapter 11. Jordache expects to reopen at least four more for a total of 60 in time for the grand reopening under the L.A. Joe name.

Acquisition hinges on approval of Heck's stockholders, expected at its annual meeting next month. Heck's stockholders would get a 20 percent stake in the new venture. Failing approval, Heck's would lease the stores to Jordache on a long-term basis.

Divestiture would leave Heck's with only one operating asset, a wholesale automotives distributor called Steel City.

Drug Testing Not Required For New Drivers

By Deane Evans

WASHINGTON — Discount chains which operate their own truck fleets are no longer required to conduct drug tests for every new driver hired.

Under former federal anti-drug rules, employers are required to conduct pre-employment, periodic and "reasonable cause" drug tests of drivers for the use of marijuana, PCP, cocaine, amphetamines and opiates. The mandate which applies to interstate operators of rigs weighing 26,000 or more pounds went into effect Dec. 21, 1989, for employers with

(Cont. on page 75)

IN THIS ISSUE

FEATURES

DSN Adds Three Execs to SPARC Committee 13
Wal-Mart Extends Vendor Store Tests 23

INSIGHTS

Study Finds POS Scanning is Ubiquitous 31
Quick Response: A Competitive Imperative? 32
No. 7 Available For UPC Code Use 34

APPAREL 43

Cotton Tops In Men's Sweaters 43
Marketwatch 43
Apparel Promos Mirror Upsurge in Activism 5, 44
Men's Wear Favorites Reappear at MAGIC 48
Andover to Launch Line of Kids' Wear 50
OshKosh to Buy Absorba 50
Galligan to Head Morse Shoe 50

HOME PRODUCTS 55

Water Treatment Set for Splash 55
Marketwatch 55
Coleman Unveils Four Water Systems 56
Polaroid, Wal-Mart in Photo Test 58
Best Buy to Add 11 Units in 1990 58

HARD LINES 61

Half Day Sawed Off '90 Show 61
Marketwatch 61
Light Bulb Strategies Weighed 65
Toys Get All Dolled Up at Show 68

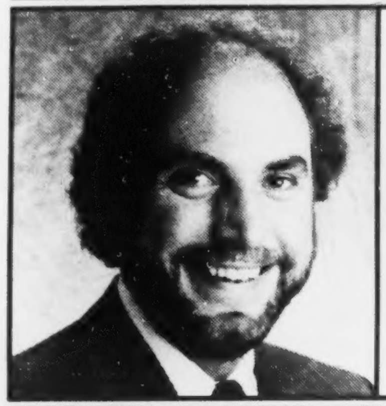
DEPARTMENTS

Classified 72
Columns:
  Buyers & Sellers 10
  Taking Stock 7
  Washington Report 10
  Prevention Pays 27
Retail Technology 29
Editorial 10
Executive Changes 28
FinanceWatch 71
New Products:
  Home Products 59

EDITORIAL

An Urgent Appeal to Corporate Citizens

The headlines in *Discount Store News*, or any business magazine, always focus on the "major" stories of growth or demise. For example, "K mart's Store Therapy: Oak Park Look to Revive Discount Stores," "After Drexel," and "Can We Have a Cleaner Environment and Pampers Too" recently appeared in *DSN*, *Business Week* and *Forbes*.


TONY LISANTI
Editor

While these events are major business news, most publications devote little space to another aspect of almost every company in America—community service.

Do you recall K mart's announcement last month about a grant of $25,000 to the National Council of La Raza? Probably not. There were no headlines, no hoopla. But dozens of students will never forget the help they got from K mart. (The seed-grant will provide funding to programs benefiting the Hispanic community.)

"Service has always had a special meaning—a meaning that goes beyond the traditional idea of keeping customers satisfied," wrote K mart chairman Joe Antonini in a special report to the community. "We define success not only in terms of how well we do as a company,but how much, as corporate citizens, we give back to the communities we serve."

Antonini makes an excellent point when he refers to the responsibilities of "corporate citizens." Execs at every retailer (or any business) across the country must realize the needs of their customers as well as their employees.

It doesn't matter whether a company supports health, education or the arts. What matters is that—despite the competitive business environment and rigors of the daily workload—America's retail executives HELP. Because a little help will touch the life of someone in need as exemplified by K mart's grant to the National Council of La Raza.

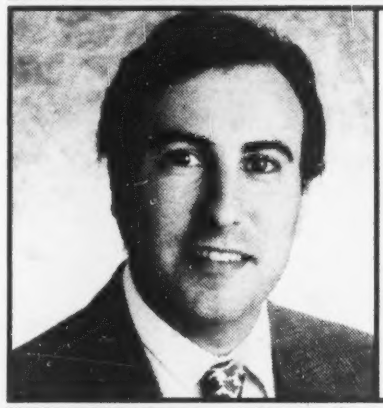
Since 1978, *DSN* has recognized the community service efforts of retailers with its DISC (Discounter in Service to the Community) Award. And now I urge the corporate citizens of retailing to share your community service efforts by entering the DISC award competition. Simply prepare an outline including promotional material describing your firm's community service programs during 1989. The deadline is March 31.

Remember this quote from Henry Wadsworth Longfellow, which appeared in K mart's community report: "Give what you have. To someone, it may be better than you dare to think."

BUYERS & SELLERS

Notes on IMRA, 'Nervous Nordies' and DSN

Ronald Reagan, Hodding Carter III, John McLaughlin. As usual, IMRA has lined up a sparkling list of guest speakers for its annual convention. This year's convention chairman, Larry Hochberg, president and ceo of Sportmart, has done a great job of designing a program around the theme: "Turning Point . . . A New Decade."


DON LONGO
Exec Editor

At the convention, keep an eye out for *DSN's* IMRA Show Daily. It's being expanded from one day to three days this year, and will provide showgoers with recaps of the previous day's seminars and events as well as a preview of the upcomming day's program.

IMRA's also to be commended for adopting a policy statement on environmental issues facing the discount store industry. IMRA's executive committee pledged to support "a broad-based, bipartisan approach to environmental responsibility in promoting environmentally responsible products and packaging and disposal of solid waste."

* * *

Excellent article recently in *Wall Street Journal* on "Nervous Nordies"—overworked and burnt-out Nordstrom sales associates. If conditions are even half as bad as described in the article, the company is being foolish for closing its eyes to the situation and for insisting that "our people smile because they want to." It's one thing to smile because you genuinely like your job and quite another to do so because there are secret shoppers walking around the store giving you demerits if they catch you not smiling.

* * *

It's the job of all reputable news organizations to cover controversial issues. Over the years, DSN has objectively reported and editorialized on most of the tough questions facing the industry and its individual participants. Sometimes that makes people angry; sometimes it makes them laugh. And it provokes thoughtful analysis of often complicated issues. If you've got an opinion about anything we write, don't sit back and stew. Write to us. We'd be happy to present alternative viewpoints (subject to editing for length) in our letters column. In fact, you could fax us your letter. Dial (212) 838-9487.

WASHINGTON REPORT

OSHA Reawakens After a Long, Deep Sleep

During the 1970s the U.S. Occupational Safety and Health Administration was a regulatory bully that intimidated employers with threats of stiff federal fines for minor infractions of workplace safety rules.

KEN RANKIN

The tide turned in the '80s as the Reagan administration eviscerated OSHA and other regulatory agencies. Now the tables are turning again. Labor Secretary Elizabeth Dole has vowed to make workplace safety and health enforcement a top priority.

Behind the born-again OSHA enforcement drive: evidence that U.S. jobs are becoming more dangerous. The most recent statistics indicate that the number of occupational illnesses is rising at a rate of 25 percent annually.

Separately, the National Safe Workplace Institute found that American workers are three times more likely to suffer a fatal on-the-job accident than their Japanese counterparts.

The Bush administration is beefing up efforts to protect workers. Significantly, this time around federal job safety inspectors won't be limiting their focus to contractors, manufacturers and other heavy industries. Discount stores and other retail establishments will be coming under tight OSHA scrutiny as well.

Indeed, the latest figures indicate that retail stores are among the leading industries in terms of total number of occupational injuries suffered by workers. Department store employees alone are reporting more than 145,000 job-related injuries annually.

If anything, retailers may have even more to worry about from congressional advocates of tougher job safety standards. In a recently introduced bill, the maximum penalty for a serious job safety violation would jump from two years in prison to 20, and relatively minor infractions would subject employers to fines of up to $10,000 per violation.

Moreover, the pending legislation would require company executives and officers to pay OSHA fines out of their own pockets—not with corporate funds.

Discount Store News.

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212 371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

Publisher **JOHN FAILLA**

Editor **TONY LISANTI**

Executive Editor **Donald Longo**
Senior Editor **Arthur Markowitz**
Senior Editor **Laura Liebeck**
Senior Editor **Pete Hisey**
Associate Editor **Richard C. Halverson**
Associate Editor **Mary Ellen Kelly**
Associate Editor **Pamela Meek** (Los Angeles)
Senior Desk Editor **Dawn Wilensky**
Desk Editor **Michael Vickerman**
Editorial Assistant **Danita Minnis**

Art Director **Milt Berwin**
Graphic Artist **Karen Kikta**

District Manager **Kevin Kennedy**
New York Area Manager **Jeffrey Larssen**

Production Manager **Mary Lewis**
Business Manager **Roch Minieri**
Classified Ad Manager **Carole Harnoff**
Classified Production Manager **Pauline Smith**
Director of Manufacturing **Stan Kaufman**

VP/Group Publisher **Fred J. Filer**

DSN Board of Advisors

Joe Ettore Pres., Stuarts
Stephen Goldberger Chmn., Pres., Hills
Peter Hayes Pres., ceo, Child World
Richard Hersh Pres., IMRA
Peter Hollis Pres., Ames
Arlie Lazarus Pres., Jamesway
Joseph Nusim Pres., CEO, Makro U.S.A.
Julian Seeherman Pres., Venture Stores
Stephen Westerfield Pres., ceo, WORKplace
Warren W. White GM, Clover
Ray Zimmerman Chmn., Service Merchandise

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher **James T. deGraffenreid**
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Rapuzzi**
Treasurer **Barry Okun**

REGIONAL OFFICES

Boston 1 Gateway Center, Newton, MA 02158
617-527-6394
Regional Manager **James Malver**

Cleveland Summit One Bldg., 4700 Rockside Rd., Independence, OH 44131
216-642-3420
Area Manager **Dave Tuttle**

Chicago 444 N. Michigan Ave., Chicago, IL 60611
312-644-8688
District Manager **Bruce Smith**
Area Manager **Cheryl Kilberg**

Los Angeles 606 N. Larchmont Blvd.,
Los Angeles, CA 90004
213-464-8321
Area Manager **Howard Zabner**
Associate Editor **Pamela Meek**

San Francisco 400 Montgomery St.,
San Francisco, CA 94104
415-362-2575

Washington 117-35 Striley Drive,
Ashton, MD 20861
301-774-3895
Manager, Correspondent **Kenneth Rankin**
Correspondent **Deane Evans**

Japan Diamond-Friedman Ltd. Chain Store Age News Japan 1-4-2 Kasumigaseki, Chiyoda-ku
Tokyo, Japan 504-6750

The Audit Bureau MPA ABP

Publisher of Discount Store News, Accounting Today, Nation's Restaurant News, National Home Center News, Drug Store News, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions

Call (212) 697-2165 or (212) 697-2166
Having a problem with your subscription? Send full details, including the mailing label from the last copy you received and your telephone number to Circulation Fulfillment Director, *Discount Store News*, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions

Materials in this publication may not be reproduced in any form without written permission. Direct permission requests to John Failla, publisher, *Discount Store News*, 425 Park Ave., New York, NY 10022.

We welcome our readers' views, whether pro or con. Letters to the editor should be addressed to: **Editor, *Discount Store News*, 425 Park Ave., New York, NY 10022.**

APPAREL

Women's • Men's • Children's • Hosiery • Jewelry & Accessories • Underwear • Intimate Apparel

Cotton Tops In Men's Sweaters

Survey Reveals 'Less Expensive' Fabric Preferred

By Don Longo
Nationwide DSN Report

Advantages of Cotton

Advantage	% of Respondents Who Preferred Cotton
Allergic to Others/ Wool Makes Me Itch	40.8%
It Is Comfortable	23.8
Easier to Care For	23.1
Lighter/Cooler	23.1
Soft/Feels Better	22.3
Good For All Seasons	10.0

Advantages of Wool

Advantage	% of Respondents Who Preferred Wool
Warm	75.3%
Last Longer Than Cotton or Blends	24.7
Natural Fiber	11.8
Keeps Shape	10.6
Comfortable	9.4
Better Quality	9.4

Advantages of Blends

Advantage	% of Respondents Who Preferred Blends
Washable/Saves Time Easy to Care For	48.6%
Doesn't Shrink	26.3
Doesn't Itch	26.3
Keeps Shape	12.8
More Comfortable	12.3
Lasts Longer	10.3

Source: Leo J. Shapiro & Associates/DSN, March 1990

Cotton is king, according to 467 men and women shoppers who were asked what material they would prefer if they were going to buy a man's sweater.

Even among the consumers who wanted a blend of some kind, most expressed a preference for cotton blends.

In the nationally projectable consumer study conducted last month by Leo J. Shapiro & Associates for *DSN*, 28 percent of respondents said they would want to buy a cotton man's sweater, compared to 18 percent who preferred wool. About half of all respondents wanted a blend.

Among male shoppers only, 30 percent preferred cotton, compared to 23 percent who wanted wool. As might be expected, women shoppers, who buy men's sweaters, were more heavily disposed toward blends (60 percent), probably because of their ease of care. Still, 25 percent of the women shoppers wanted cotton in a man's sweater, compared to only 13 percent who said wool.

Cotton wins out in the head-to-head match-up against wool for a number of reasons. Consumers who prefer cotton do so because of its comfort. They cited the following reasons: they are allergic to other materials or wool makes them itch (41 percent); cotton is comfortable (24 percent); easier to care for (23 percent); lighter so you don't sweat (23 percent); it's soft or feels good (10 percent); and it's appropriate for all seasons (10 percent). Men particularly cited comfort, lack of itching and softness as reasons for preferring cotton. Women tended to like cotton's ease of care and that no blocking is needed.

Only 3 percent of respondents cited cotton because it's "less expensive" than other materials, an indication that the cost difference between wool and cotton is not a compelling reason for choosing the less expensive cotton.

Among those who preferred wool, most were men, by a 23 percent to 12 percent margin over women. The top reasons for wanting wool were: warmth (75 percent); durability (25 percent); it's a natural fiber (12 percent); holds its shape (11 percent); comfortable (9 percent); better quality (9 percent); and looks more expensive (6 percent).

The popularity of blends is directly related to laundry. Nearly half of the consumers who would want a blended man's sweater do so because it is washable or easy to care for. Other reasons cited for preferring blends were: doesn't shrink (26 percent); doesn't itch; keeps shape (13 percent); more comfortable (12 percent); and lasts longer (10 percent).

When asked what they would want the sweater to be a blend of, 61 percent of consumers said they would prefer cotton/acrylic. Few wanted wool/acrylic (19 percent) or wool/cotton (18 percent). Among men, half cited cotton/acrylic, compared to 24 percent for wool/cotton and 20 percent for wool/acrylic. Among women, nearly 70 percent wanted cotton/acrylic, compared to 17 percent for wool/acrylic and 13 percent for wool/cotton.

Most consumers expect to pay anywhere from $20 to $60 for a man's sweater. For those who want cotton, the most popular prices ranged from $20 to $40. The mean amount that cotton buyers would expect to pay was $37.10.

For those who preferred wool, the most oft-expected price points were spread thinly from $20 all the way to $80, with 6 percent even mentioning price points between $100 and $130. In general, the price expectations of men and women were about the same. The mean amount that wool buyers would expect to pay for a

(Continued on page 48)

If You Were Going to Buy a Man's Sweater, What Would You Want It to Be?

Material	All Respondents	Men Only	Women Only
Cotton	27.8%	30.2%	25.4%
100% Wool	18.2	23.4	12.9
Blend (net)	52.0	44.3	59.9
Wool & Acrylic	18.5	20.2	17.3
Wood & Cotton	17.7	24.0	12.9
Cotton & Acrylic	61.3	50.0	69.8

Cotton has supplanted wool as the material of choice for men's sweaters among all consumers surveyed, although nearly twice as many men than women still prefer wool. Among those who preferred a blend, the cotton and acrylic combination was the No. 1 choice.

Source: Leo J. Shapiro & Associates/DSN, March 1990

MARKETWATCH

Saks Opens New Outlet Store in Pa.

PHILADELPHIA — Department store chain Saks Fifth Avenue last month opened its first outlet store here in the Franklin Mills mall northeast of the city. Called The Clearinghouse, the store sells off-season merchandise, drawn from throughout the 46-store Saks chain, at below the normal Saks Fifth Avenue prices. The assortment is comprised of the same type and quality merchandise carried by Saks Fifth Avenue, including collections of designer and private label clothing for men, women and children, plus collections of accessories. Between seasons, apparel will be supplemented with additional merchandise to fill out the selection.

Nightshirts Don Dick Tracy Logo

NEW YORK — Foster Industries has recently acquired the Dick Tracy characters and logo licenses for use on men's nightshirts and loungewear. "When Dick Tracy springs from the comics to the screen in June of this year, Foster Industries will be ready with colorful, stylish nightshirts, featuring the Dick Tracy silhouette and logo," commented Mathew J. Tedesco, licensing director. "Other garments will feature Dick Tracy and Breathless Mahoney. The use of strong primary colors in artwork and packaging will create a unified, dynamic look at the point of sale to establish an instant identity with the expected blockbuster." The quality oversized nightshirts will be targeted for mass retailers, including both department and discount stores. The nightshirts, which are made of a 50-50 polyester blend, are designed so that one size fits all.

Fruitful Record Sales Posted

CHICAGO — Fruit of the Loom reported record sales of $1.32 billion, which is an increase of 31.5 percent over 1988 sales of $1 billion. Operating earnings were a record $264.4 million, compared to $200.6 million a year ago. Earnings from continuing operations for 1989 increased to $72 million, which was 42.3 percent more than the previous year excluding a special item related to the sale of the company's investment in tax benefit leases. In a press release distributed by the company, William Farley, chairman and chief executive officer, said, "Fruit of the Loom has enjoyed another record year in 1989, with increased sales in both the underwear and activewear product lines. Activewear sales in the fourth quarter of 1989 exceeded activewear sales of any quarter in 1988."